

SOL PLAATJE MUNICIPALITY
ANNUAL BUDGET (MARCH)
2016/17 – 2018/19



intranet: <http://solplaatje>

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Budget Annexures

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Section 4: IDP Overview

Section 5: Service Delivery and Budget Implementation Plan

Section 6: Budget Policies

Section 7: By-Laws

Section 8: MFMA Circulars

List of acronyms

ACIP	Accelerated Community Infrastructure Programme
BEE	Black Economic Empowerment
CAPEX	Capital Expenditure
CBD	Central Business District
CDW	Community Development Worker
COGHSTA	Co-operative Governance Human Settlement and Traditional Affairs
CPIX	Consumer Price Index
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
DEAT	Department of Education and Training
DoRA	Division of Revenue Act
DoRB	Division of Revenue Bill
DWA	Department of Water Affairs
EEDG	Energy Efficiency Development Grant
EMT	Executive Management Team
EPWP	Extended Public Works Programme

ES	Equitable Share
FBDM	Frances Baard District Municipality
FBS	Free Basic Services
FLISP	Finance Linked Individual Subsidy Programme
FMG	Financial Management Grant
GDP	Gross Domestic Product
GRAP	Generally Recognized Accounting Practice
GURP	Galeshewe Urban Renewal Programme
HDI	Historically Disadvantaged Individuals
IDP	Integrated Development Plan
INEP	Integrated National Electrification Programme
ISDG	Infrastructure Skills Development Grant
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LGSETA	Local Government Sector Education Training Authority
LGTAS	Local Government Turnaround Strategy
MBRR	Municipal Budget and Reporting Regulations
MFMA	Municipal Finance Management Act 56 of 2003
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MSA	Municipal Systems Act
MSIG	Municipal Systems Improvement Grant
MSP	Municipal Support Programme
MTREF	Medium Term Revenue and Expenditure Framework
NCEDA	Northern Cape Economic and Development Agency
NCTA	Northern Cape Tourism Authority
NDP	National Development Plan
NDPG	Neighbourhood Development Partnership Grant
NERSA	National Energy Regulator of South Africa
NSDP	National Spatial Development Programme
NT	National Treasury
O&M	Operations and Maintenance
PGDS	Provincial Growth and Development Strategies
PMS	Performance Management System

PPP	Public Private Partnership
R&M	Repairs and Maintenance
RBIG	Regional Bulk Infrastructure Grant
SALGA	South African Local Government Agency
SALGBC	South African Local Government Bargaining Council
SARB	South African Reserve Bank
SDBIP	Service Delivery and Budget Implementation Plan
SETA	Sectoral Education and Training Authority
SFA	Strategic Focus Area
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprises
SPM	Sol Plaatje Municipality
StatsSA	Statistics South Africa

The Annual Budget Statement for the 2016/17 Medium Term Revenue and Expenditure Framework (MTREF)

PART 1 - THE ANNUAL BUDGET

1. The Executive Mayor's Budget Speech

SPEECH BY EXECUTIVE MAYOR AT THE OCCASSION OF TABLING THE IDP REVIEW, BUDGET AND SDBIP FOR THE 2016/17 MTREF

30 March 2016

Honourable Speaker

Members of the Mayoral Committee

Honourable Chairpersons of Section 79 Committees

All Councillors present here

The Municipal Manager and his team

Our guests in the gallery

Media present in the media room

Warmest greetings to you all this morning

Executive Mayor: Honourable K.D. Molusi.

Date: 30 March 2016

2. Council resolutions

1. Tabling of the Annual Budget for 2016/17 MTREF

Ald KD Molusi

30 March 2016

Purpose

The purpose of this item is to table of the Annual Budget of the Sol Plaatje Local Municipality for the financial year 2016/17 and indicative allocations for the two projected outer years 2017/18 and 2018/19, including policies and tariffs.

Background

In terms of Municipal Finance Management Act 56 of 2003 (MFMA hereinafter), section 16, it is expected that a municipal council must approved the annual budget before the start of the financial year.

Whereas MFMA Section (2) prescribes that, in order for the council to approve the annual budget, the Executive Mayor must table the annual budget at a council meeting at least 90 days before the start of the financial year, being 1 July each year.

Whereas MFMA Section 17, prescribes the format in which the municipal budget must be presented, National Treasury had published Schedule A tables for the capturing and presentation of the budget which covers a 7 year period, whereby the first three years are the actual outcomes of the previous years audited, the current year budget, and year to date actuals as well as the MTREF covered by the period, this has been complied with.

In terms of the Municipal Budget Reporting Regulations as per Government Gazette 32141 (MBRR hereinafter), the table of contents of the annual budget is prescribed, and the format has been adopted in preparing the budget for the MTREF 2016/17.

MBRR section 15 and 18 prescribes the manner in which the tabled budget must be publicised, whilst MFMA Section 23, makes reference to consultation processes on tabled budgets. The schedule of meetings has been included in the Executive Summary of the Annual Budget on page. Since the municipality is non-delegated, a budget benchmark exercise forms part of consultation process with National Treasury on the tabled budget. The previous year's outcomes are taken into account as part of continuous improvement.

The MBRR further suggests that the budget must be tabled together with the reviewed budget related policies, the proposed tariffs, the service delivery and budget implementation plan as well as the Annual IDP Review, all these documents are part of the budget statement as presented in the annexures.

The Council is reminded that NERSA has approved ESKOM tariffs at 9.4% for MYPD 3 period with effect from 1 April 2016, and that the municipal tariff increases will be announced by no later than 31 March 2016 (MFMA Section 42 prescribes 15 March as the date for the announcement of tariff increases applicable to local authorities on the 1 July each year).

It is against this background that the Annual Budget for the 2016/17 MTREF is tabled.

Annexures

Budget Part 1 and 2

Budget Annexures

- Section 1: Budget Schedules and supporting tables
- Section 2: Tariffs
- Section 3: History of Tariffs
- Section 4: IDP Overview
- Section 5: Service Delivery and Budget Implementation Plan
- Section 6: Budget Policies – as per March budget book
- Section 7: By-Laws – as per March budget book
- Section 8: MFMA Circulars– as per March budget book

ANNEXURE

SEPARATE REPORTS

Motivation

MFMA places obligation to Council to ensure that the budget is approved within the legislated timeframes. Non-compliance with MFMA Section 24 will result in the application of MFMA Section 26 – Consequences of failure to approve budget before start of the budget year. The municipality had since the effective date of MFMA managed to table and approve its budgets on time.

Personnel Implications

Personnel implications shall be in accordance with the tabled budget, the current organisational structure as well as the implementation strategy as will be agreed upon by the Municipal Manager, within the budget constraints.

Financial Implications

No financial implications other than as per the tabled budget, the tariff increases and impact of policy reviews.

Legal Authority and Implications

MFMA Section 16 and 24

Municipal Budget and Reporting Regulations

MFMA Circulars

The Annual Budget was discussed with the Executive Mayor, the IDP, Budget and Performance Committee (extended), the Municipal Manager, the Chief Financial Officer Executive Directors, as well as the discussions of the Budget Steering Committee Meetings.

Consultation

Executive Mayor – Ald KD Molusi

Municipal Manager – Mr GH Akharwaray

Chief Financial Officer – Mrs ZL Mahloko

Contact Person

Mrs ZL Mahloko

Chief Financial Officer

Contact number: 053-8306500

Mr JJ Wagner: Tel (053) 830-6504

The Annual Budget will be tabled by the Executive Mayor, Ald K.D. Molusi.

**SPEECH BY EXECUTIVE MAYOR AT THE OCCASSION OF THE TABLING OF THE
BUDGET AND IDP FOR THE MTREF STARTING IN 2016/17**

final draft

Honourable Speaker
The Alderman present here
Members of the Mayoral Committee
Chairperson of Section 79 Committees
Honourable Councillors
Municipal Manager, executive directors and other staff present
Members of the public and media
Comrades and friends

In tabling the budget estimates for the next three years, I am cognisant of the fact that we face difficult times. In fact, worldwide, no country, nor its people, have been spared the consequences of economic difficulties.

We too face these challenges.

How we navigate these difficulties and seek to overcome them is what will eventually define us.

To that end, what the people of our city require from us is leadership. The quality of our leadership is not measured in times of abundance, but rather how we conduct ourselves in times of strain.

In Sol Plaatje municipality we have experienced difficulties in the past and managed to steer our way out of it.

Not so long ago we had financial difficulties, we had cash flow problems, our audit outcomes were poor to the extent that the AG gave us disclaimers of opinion. We even had a moratorium on development due to failing infrastructure, which led to stagnation in the economic prospects of the city.

What did we do? Many people from other areas ask me this. We put our heads together and developed an intervention plan, and then we worked as a team and dealt with the matter.

Today we are ranked amongst the better managed municipalities with a good handle on its finances, having received an unqualified audit opinion from the AG after 15 years of disclaimers. Confidence in our municipality is on the rise with considerable investment being made in our city.

What we need to do, is to sustain that trajectory of confidence and growth even during these difficult times.

And so, Honourable Speaker and members of this chamber, the budget I table today is not an isolated event, but part of an on-going story of change, progress and development.

Today, in our municipal jurisdiction, over 92% of our citizenry have access to clean running water and over 91% to basic sanitation and electricity.

Over the last 23 years, thousands of our citizens have become the recipients of houses bringing dignity and stability to them and their families.

On the economic front we have seen considerable growth in our city with the economy having grown from 10 billion Rand to over 30 billion Rand by 2015. In fact the various private projects completed or under construction, such as hospitals, office blocks, retail outlets and housing developments, and the completion of the first phase of construction at the university, are but few physical and visible manifestations of this confidence.

Clearly, these factors are also proof that our efforts to use investments in the upgrade of the city's bulk infrastructure as a means to unlock growth, proved successful.

THE AGENDA FOR DEVELOPMENT

The IDP of the municipality captures our agenda for development. When we tabled the 5 year strategic agenda for the SPM in March 2012, we aligned the IDP with all policy documents, including that of the Province, the District development plans and thereafter the National Development Plan.

This is the final year of the implementation of that adopted IDP. Based on the work that has been done or still underway, a basis has been laid to stimulate growth for the next 20 odd years.

Most of these projects which started in 2010/11 are complete with only a few big multi-year one's remaining and which will be completed later in the 2016/17 financial year.

At a high level this is what we planned and achieved:

- We resolved to improve governance and proceeded to refine the governance model, improve Financial and cash management and audit outcomes. All of these were achieved with the most recent unqualified AG opinion completing that process. Even at the level of our employees, we now experience considerable labour stability. The absence of allegations of tender procedure violations for several consecutive years is indicative of the prevalence of ethical behaviour in our midst. Hence it comes as no surprise that the SPM is now considered to be amongst the better run municipalities in the country.
- In 2008/09 we had to declare a moratorium on development due to the problems of an ageing Infrastructure. This council approved an intervention plan which resulted in the upgrade of electrical substations, the electricity network, upgrading

of water systems, pumps and valves, increased the reservoir capacity at Ritchie, and proceeded with the renewal of the three sewerage facilities at Homevale, Beaconsfield and Ritchie. This was followed by resurfacing of about 80km of roads. These are but some of the more prominent and visible projects which saw capital investment running close to R800m. Apart from the capital invested we also moved on issues of quality. So for example we improved our water quality to an extent that soon we ought to obtain the coveted blue drop status. Our blue drop score for 2014 was about 82% which is an improvement on the previous 72% and not far from the 94% that is required. Interestingly the microbiological compliance is 97.5% and the chemical compliance stands at 99.9%. in other words our water is safe.

- We also prioritised the development of informal settlements so as to ensure a better life for our citizens. To date we can proudly say that we reduced the housing backlog by 1676 units, ensured access to water to 3413 units, provided sanitation for 4444 units and electricity to 3765 units. In order to stay ahead and plan proactively we have already completed 3018 sites for township development. This means as soon as funds are availed the process can be speeded up.

I intended to give you only a flavour of what has been achieved under the current IDP. I think that this collective can be proud of the fact that we have been instrumental in creating a better city for people to live and work in. in fact we have been commended for the good quality houses that have been built under the BNG programme. Yet I know much more is needed if we are to address all the problems our people face.

This year will see the local government elections being held and as part of the handover, a report is being prepared for the incoming council, which will probably be finalised after the completion of the financial year.

ECONOMY

In classical economic literature, towns and cities such as Kimberley are regarded as the most productive spaces in an economy. Clearly the underlying rationale is that the concentration of economically active and productive entities lead to the achievement of economies of scale and add to the value chain.

The question is: Has this been true for us?

The economy of Sol Plaatje Municipality in 2004 was approximately R10 billion. Since then much has happened to improve growth leading to an economy that is now at around R30bn.

In that period unemployment had dropped as did the poverty index by 10%.

In the same period educational levels had increased with persons with a matriculation certificate, rising to almost 30%, and persons with tertiary education increasing to just over 10%. I foresee that with the commencement of the Sol Plaatje University we are well positioned to see considerable improvements in this scenario.

A conservative estimate suggests that in the last year or two our municipal jurisdiction has experienced no less than R3 billion worth of investment in capital type projects. I mentioned examples of these in my introductory remarks.

However, even though these are rough estimates, they are profound indicators of an economy that has considerable potential.

Information obtained from economic projections suggests that the Sol Plaatje Municipal economy will grow to over R31 billion by 2017.

I am confident that more growth is possible. In order to achieve that goal we need unity of purpose, clarity of vision and confidence of all of our citizens.

We need to develop the primary sector as well as stimulating and developing the secondary sectors.

The mayoral committee recently debated a framework for a long term development strategy. The aim is to recognise strengths and successes to date and to develop a new vision for the long term. To date, our efforts were mainly focussed on stabilising and restoring proper functionality of all our operations with medium term goals as part of the IDP. Now that we have achieved that, we need to raise the bar. We can no longer focus only on short term goals or the immediate future. We have to plan for the next 20 to 30 years.

We already did so when we planned the bulk infrastructure developments. We took a long term view with a 20 year horizon in sight. We now need to apply these longer term considerations to other sectors and especially the economic ones.

But we need the commitment of all be it government, business, our employees or citizens in general.

THE OPERATING BUDGET

Naturally a budget is about money and the policy that underlies the revenue and expenditure ideas.

In the tabled budget, the operating revenue shows an increase from R1, 794 billion as per the final budget approved by Council in February 2016, to an estimated budget of R1, 899 billion for 2016/17.

Taking the situation over a three year period, the total revenue budget is R6, 065 billion, against the total expenditure of R6, 040 billion for the same period, resulting in an operating surplus of R25, 714 million excluding capital transfers.

Furthermore in the budget tabled here the following observations can be made:

- That service charges for electricity, water, sanitation and refuse removal accounts for 57% of the projected revenue in 2016/17, and 58% in both the outer years (2017/18 and 2018/19 financial year).
- Revenue from Property rates represents 26% of total operating revenue for the MTREF.
- Operating grants and subsidies received are consistent at 8% contribution to the total revenue of the municipality.

It is noteworthy that the municipality has over the years strengthened its hand and now generates 92 % of its operational expenditure needs from own sources.

The total operating expenditure budget will increase from the current years R1, 753 billion to R1, 891 billion for 2016/17. This is an average increase of 7.84% from the baseline.

Employee costs represent 34% of the projected expenditure, whilst bulk costs takes about 28% of the total operating expenditure.

The municipality's expenditure for the 2016/17 budget and MTREF is informed by the following:

- Modelling of feasible and sustainable budgets over the medium term,
- Taking Cognisance of international, national and local economic- and fiscal conditions,
- Expenditure limits set by realistic and realisable revenue levels,
- The asset repairs and maintenance goals,
- Relevant (budget and other) legislative imperatives, and
- Operational gains and efficiencies directed to fund areas of strategic priority and known commitments.

THE CAPITAL BUDGET

The Division of Revenue Act which has been published, allocates capital transfers and grants to the municipality of R75, 732 million. These grants are as follows: MIG in the

amount of R45, 432 million, NDPG at R7,5 million, INEP at R7, 4 million and INEP (Eskom) R400 thousand and RBIG (DWA) at R15-million. ✓

The capital budget of the municipality is funded from these grants and subsidies allocated by government as well as from own revenue sources. The funding mix for the 2016/17 financial year can be divided as such. Of the total capital expenditure of R118,172 million, 64% is funded from capital grants (at R75,732 million) and 36% funded from Internally generated funds (amounting to R42,440 million). I may add that our capital budget excludes any allocations we may receive from the province or the Francis Baard District Council.

Over the last few years we have made considerable investments in the bulk infrastructure upgrades. Of course, as our municipality grows so does the need for increasing and improving the infrastructure. Hence we have been making longer term plans. With long term plans come pains as the value is not immediately perceived. We have since last year gradually been moving to more reticulation upgrades and our huge capital investment in the roads and water network upgrades is evidence thereof.

Projects that were prioritised in our IDP are now being funded to complete that cycle. In the forthcoming financial year commence the satellite fire station which will service the Homevale, Roodepan, northern parts of Galeshewe and Platfontein areas, will be commenced at a capital cost of R8.694 million.

The landfill site will be upgraded and an amount of R17.5 m is allocated for the first year of the MTREF period. The project should last about two years and upon completion will meet all required standards.

Ritchie is an area with growing needs. But we need to prioritize the essential aspect of water security. Upgrading the water supply system will require considerable injection and is allocated R15m in the first year. Importantly this project will also enable the sewer network upgrade which is a project being undertaken by national government in the area.

The sum of R1m is budgeted to plan similar sewer line installations at Lerato Park followed by R11m to implement the project in the subsequent year. In addition a further sum of R1m and R14.8m in year 2, is allocated for water infrastructure at Lerato Park.

At Riverton we previously approved and budgeted funds for the upgrade of the high lift pumps that pump water to Kimberley. These have been ordered and are manufactured overseas. To complete this process a further sum of R13m is allocated. A new pump station will be required and for which an amount of R10m is allocated.

Once these series of interventions are completed we will be well on our way to ensure water security and certainty of supply in our municipal jurisdiction. We are fortunate that we are reaching the end of our bulk interventions whilst many other municipalities are only planning similar projects now. We can now confidently focus on reticulation projects knowing that we have the bulk capability to implement these projects.

The low lying areas of Galeshewe are always badly hit during heavy rain and floods. We commenced the upgrade of the stormwater network about two years ago and have now budgeted the sum of R7.1 m to be followed with a further R8.3 m to continue on this path.

The road upgrades programme remains a priority. As you will recall we allocated funds in the adjustment budget for that purpose. We also need to upgrade gravel roads and hence we allocate funds for paving of roads. These improve infrastructure and are labour intensive. In the first year R4.5m and a further R7.9m in the following years *also allocated*.

The electrification of houses remains a priority with allocations of R7.4m and R7.9m over two years respectively. With these funds we should achieve close to a 500 units per year.

As part of curbing losses and improving the reticulation network for both water and electricity we have decided to upgrade the meters. This project was started before and needs to continue in the next year. Accordingly R7,5m is budgeted over 3 years to replace electricity prepaid meters and R8,5m over 3 years to replace faulty water meters.

Hon Speaker and councillors, there are many other interventions that is impractical to detail here. The purpose of my input is to give you a sense of the direction we are moving to as per the current IDP and achieving its stated objectives. There are many operational matters such as the upgrade of the laboratory facilities which analyse water samples, continuous renewal of our service delivery fleet and security at all our facilities that we have provided for in the budget. The detail thereof are in the documents.

I previously raised the issue of the vacuum sewer system and its benefits. We needed to run it as a pilot programme. The matter is before committees and hopefully will reach

council soon. Once we agree in principle we will need to liaise with the Department of COGHSTA for financing it as it is within their mandate to do so. I urge the committees to apply their minds critically on this matter.

BUDGET ASSUMPTIONS

The increases in revenue framework as outlined above are mainly influenced by the implementation of the new General Valuation Roll 2015 and tariff increases for various services. We need to supplement these matters and the municipality is now looking at new and unexplored revenue opportunities as well as revenue enhancement strategies by focussing on the following;

- Effective implementation of credit control policies
- Use of debt collection agents to support the efforts of the Finance Call Centre and Debt Management Section
- Untapped revenue sources (though feasibility studies need to be conducted. These will be directed to augment rates income without burdening the rate payers with additional taxation
- Indigent register management, to make sure only eligible households are benefitting from Free Basic Services
- Improved billing system and minimise lag time between consumption, billing and payment
- Meter reading based on technology (usage of devices that are online linking with the billing system)

Whilst on the expenditure side, the focus will be on the following items;

- Demand management for bulk services
- Water balancing and reducing non-revenue water
- Management of reticulation network to identify, rectify, and manage losses
- Control of employee costs by conducting needs and skills audit, identify critical skills required and pushing productivity from current staff compliment
- Value for money maintenance of property, plant and equipment
- Effective and efficient supply chain management policy implementation that minimises fruitless and wasteful expenditure as well as irregular expenditure.

Put differently we aim to focus on increased efficiency gains as opposed to just ^{re}tariff base

TARIFFS

The revenue as mentioned herein is determined through tariff determination processes, using the current years' tariffs for all services as a baseline. We considered the needs of service delivery, the projections of lower economic growth and its impact on society.

Inflation is projected to rise to 6.6% whilst GDP growth will be higher at 1.7% from the current 0.9%. It is however disconcerting that food prices are already on the rise ranging from 6.9% to 20% in the case of some products.

We need to support and stimulate growth and minimize negative impacts on our residents by ensuring that the cost of living and doing business is kept low.

From our side we managed over the years to combat waste within our operations but now we also need to become more efficient and achieve more outcomes with lesser inputs. Put differently we need to do more with less.

From a pure planning and budgeting perspective we managed to achieve this target of efficiency. As a consequence we propose to keep tariffs increments way below inflation (as the difference will be made up from efficiencies).

It is hereby proposed that the tariff for major services be increased as follows for the 2016/17 financial year.

Property rates	4%
Sewerage	4%
Refuse collection	4%
Water	4%
Electricity	7.5%

The average tariff increase for 2016/17 shall be 4.70%. Whilst it is a bit early to predict the outer years based on current scenarios it is conservatively and preliminary projected at 6.50% for 2017/18 and 6.47% for 2018/19.

The approval of the above tariff increase shall ensure that we are able to deliver services and fund the operations of the municipality adequately yet at the same time ensure that we support our residents and businesses.

As a strategy going forward we have set up a team within finance to investigate new sources of revenue, broadening the ratepayer base and look at efficiency in revenue collection, as i had outlined hereinabove, so as to ensure that revenue is protected and fairly generated.

On the other side, it is important that I allude to the impact of the proposed tariff increases on a household account as determined by National Treasury Regulations as per

supporting table SA14. The average increases per household account are from 2015/16 to 2016/17 and they are as follow:

- the average monthly account for Households in the Middle Income Range shall increase by R194.58 or 6.2% from R3,155.05 to R3,349.63.
- the average monthly account for Households in the Affordable Range shall increase by R106.63 or 5.7% from R1,865.78 to R1,972.41.
- the average monthly account for Households in the Indigent Range shall increase by R53.21 or 5.7% from R929.19 to R982.40.

An indigent's household bill for the 2016/17 financial year shall be subsidized as follows:

Free/subsidized 50 Kwh of electricity

Free/subsidized 6 kilolitre of water

Free/subsidized sewerage (fully subsidised as per the flat rate)

Free/subsidized refuse (fully subsidised as per the flat rate)

Rates are set at 0.009688 in the rand based on the value of the property.

Their account will mainly be rates whilst all other services are free up to the quantum approved. Consumption above the quantum on water and electricity becomes the responsibility of the consumer/indigent as such.

These consumption levels are estimates and based on norms and standards as per National Treasury and the actual bill will depend on actual consumption per household.

CONSULTATION PROCESSES

Honorable Speaker, the draft recommendations of this budget are contained in Section 3 of the Budget Book, and will be dealt with when the budget is presented to Council for adoption.

I would like to propose that when the public participation process unfolds, these issues be thoroughly discussed. The time-table for public participation on the revised IDP and Budget is set for the middle of April.

I invite all Councillors , mayoral committee members and other Committee Chairpersons to be part of this process. The Municipal Manager and the Executive Directors are also to support all these meetings.

CONCLUSION

In conclusion I wish to thank all those officials who work hard to render a better service to our citizens.

I also wish to thank all those personnel members who worked hard to put this IDP and budget together.

I thank my fellow councillors in the Mayco for their support and commitment to the people of SPM.

I thank members of this council and the public out there for their continuous support.

I wish to express my gratitude to the municipal manager and senior managers for their unwavering commitment to the task at hand.

I thank my family for their support and indulgence of my overzealous work ethic.

I hereby table the IDP, the Budget and SDBIP as stipulated on the agenda

THANK YOU

RECOMMENDED RESOLUTIONS

1. That Council notes the tabling of the Annual Budget for 2016/17 MTREF as presented in terms of the following annexures:
2. That in terms of section 16 of the Municipal Finance Management Act, 56 of 2003, **notes** the tabled Budget of the municipality for the financial year 2016/17; and indicative allocations for the two projected outer years 2017/18 and 2018/19, and the multi-year single year capital appropriations as set out in the Annual Budget in the following tables:
 - 2.1 Budgeted financial performance by revenue source and expenditure by type as presented in Table A1 – Summary and Table A4 - Detailed
 - 2.2 Budgeted Financial Performance (revenue and expenditure by Standard classification) Annexure/Section 1 – Table A2;
 - 2.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) Annexure/Section 1 - Table A3;
 - 2.4 Multi-year and single year capital appropriations by municipal vote and Standard classification and associated funding by source. Annexure/Section 1 - Table A5.
3. That Council **notes** the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in the following tables:
 - 3.1 Budgeted Financial Position: Annexure/Section 1 – Table A6;
 - 3.2 Budgeted Cash Flow: Annexure/Section 1 – Table A7;
 - 3.3 Cash backed reserves and accumulated surplus reconciliation: Annexure/Section 1 – Table A8;
 - 3.4 Asset Management: Annexure/Section 1 – Table A9; and
 - 3.5 Basic service delivery measurement: Annexure/Section 1 –Table A10.
4. That Council the Budget Supporting tables as presented in Section 5 of the book from table SA1 to Table SA36.

5. That in terms of sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste removal services, sanitation services, property rates and all other tariffs as set out in Annexure 2, are **noted** by Council.
6. That Council **notes** the final Service Delivery and Budget Implementation Plan for 2016/17 as per Annexure/Section 5 of the Annual Budget
7. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003, the budget-related policies, including proposed amendments as set out in the Budget Annexure/Section 6 as per the tabled Budget Statement of March 2016 are **noted** for the budget year 2016/17.
8. That the Basic Services Indigent Packages as set out in Annexure/Section 1 and the Executive summary, is recommended.
9. That Council takes notes that compliance with m-SCOA regulations is effective from 1 July 2017, and that as a piloting municipality, m-SCOA has been adopted and fully operational.
10. That Council further takes note that, based on the assessment of the current financial system in use, an upgrade is inevitable and Council has already resolved on the matter, that the upgrade process has commenced in as far as setting up of structure and the actual work will resume as soon as possible, in line with the Project Implementation document. All efforts will be made to ensure that the municipality achieves the objectives of m-SCOA, being seamlessly integrated financial and non-financial systems operating from single database. The m-SCOA has a direct impact on the budget process and this will be seen as the IDP and Budget Process for 2017/18 MTREF begins.

Prepared by:

Initials and Surname: Z.L. Mahloko

Position: Chief Financial Officer

Date: _____

Signature: _____

Tabled by:

the Executive Mayor, Hon KD Molusi

Date _____

Signature _____

3. Executive Summary

Introduction

The tabling of the Annual Budget for 2016/17 and the two outer years, 2017/18 and 2018/19 succeeds that tabling of the country's budget by the Minister of Finance Honourable P. Gordhan as well as presentation of provincial budgets by MEC for Finance in the Province, Honourable M. Jack recently.

From both speeches, it became apparent that we are faced with tougher economic times which needs us to be more strategic in our thinking, especially when it comes to the utilisation of public funds by ensuring that we address basic yet key service delivery issues and most of all, we consider affordability, infrastructure roll out that will further ignite land development and other direct capital investment for the creation of job opportunities.

According to Statistics South Africa, the following are the key economic indicators; that the annualised Gross Domestic Product (GDP) stands at 0.6%, unemployment is 24.9% and Consumer Price Index is 6.2%. This is critical statistics for municipalities, as from it, lots of derived decisions can easily be made. ¹Trade, mining and construction remain the main drivers of growth while manufacturing and agriculture dragged expansion down. It should also be noted that South Africa is the second largest economy in Africa. The country is rich in natural resources and is a leading producer of platinum, gold, chromium and iron.

There are major development taking place in the city, especially in the construction sector. The construction of the university is the major economic booster in the city, and other significant and large developments such as the heart hospital, the office building on N12 and other residential development around the city, confirms that it is time to do exactly that so that when the economic conditions improves, the demand for services increases, there is a level of readiness from the municipality. This proves that we were not wrong by borrowing for bulk infrastructure development, we now have adequate bulk water and sanitation as well as electricity which will support current and future developments. However, this is not the end, part of the projects were also to deal with distribution losses and impact study needs to be conducted.

Government's choice of being pro-poor oriented public spending has contributed to improved social development indicators in a range of areas. Most of indigent households are grant dependent and the higher unemployment rate exacerbates dependence. According to social

¹ www.tradingeconomics.com/south-africa/gdp-growth

development statistics as published in the ²SASSA website, as at February 2014 (being the most recent statistics published), the following represents beneficiaries of social grants in the Northern Cape;

Old Age Grant - 76 866

War Veteran's grant – 13

Disability grant – 48 389

Grant in aid – 4 600

Care Dependency Grant – 4 563

Foster Child Grant – 13 728

Child support grant - 273 919

It is for this reason that budget assumptions must take into account economic projections and other indicators as part of assessing whether the projected revenues will materialise. It is very critical that the revenue base of the municipality be profiled to understand the formation and detailed contribution of each category to both revenue and expenditure. It has been agreed upon that relying on tariff increases to fund budget and new demands is not the solution. New revenue streams with minimal impact on rate payers directly are being investigated. This is done to ensure that rates related services are funded from rates and other income excluding trading services. A committee has been setup already for this.

Based on the backlog report as per the IDP review, there is an indication of a growing city, with more than 13 000 households established after 2011. However, all these households are taking place in the informal settlements that are in the process of being formalised. The demand for services will increase and planning for such must be done now.

3.1 Budget Overview

National Treasury remains resourceful in terms of providing the legislative framework for budgeting as well as continued guidance in the form of MFMA Circulars that are issued during the course of the financial year. The annual budget of the municipality is therefore presented herein in terms of Municipal Finance Management Act, the Municipal Budget and Reporting Regulations and the relevant circulars.

In summary the total budget of the municipality for 2016/17 MTREF is presented in the table 1 below:

² www.sassa.gov.za

	2016/17 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK		
CONSOLIDATED BUDGET OVERVIEW FOR THE 2016/17 MTREF	Budget year 2016/17	Budget year 2017/18	Budget year 2018/19
Total operating revenue (excluding capital transfers and contributions)	1 899 551 541	2 016 124 251	2 150 125 026
Total operating expenditure	1 891 343 836	2 007 878 212	2 140 865 243
OPERATING SURPLUS (before capital transfers)	8 207 705	8 246 039	9 259 783
Capital transfers and contributions	75 732 302	98 162 719	92 225 905
SURPLUS/DEFICIT for the year (after capital transfers)	83 940 007	106 408 758	101 485 688

It is being emphasised that the above totals are based on assumptions in accordance with the current consumption trends for services, taking into account future development and the projected inflation for the current and future years.

The municipality has cautiously looked at the annual revenue and expenditure growth rates and the strategy for 2016/17 is to keep increases within the inflation level. This has been achieved and various actions will be put in place to curb operational costs from soaring though most of them are pre-negotiated such as salaries and service contracts (prices and escalation of costs) and some are highly influenced by inflation and other costs of production.

BUDGET ANALYSIS - YEAR ON YEAR GROWTH					
FINANCIAL YEAR	STATUS	OPERATING REVENUE	YEAR ON YEAR GROWTH	OPERATING EXPENDITURE	YEAR ON YEAR GROWTH
2012/13	Audited Outcome	1 445 922 558		1 295 310 980	
2013/14	Audited Outcome	1 524 371 622	5.43%	1 402 082 342	8.24%
2014/15	Audited Outcome	1 620 332 168	6.30%	1 507 379 008	7.51%
2015/16	Current Budget	1 794 620 291	10.76%	1 753 815 519	16.35%
2016/17	2016/17 MTREF	1 899 551 541	5.85%	1 891 343 836	7.84%
2017/18	2016/17 MTREF	2 016 124 251	6.14%	2 007 878 212	6.16%
2018/19	2016/17 MTREF	2 150 125 026	6.65%	2 140 865 243	6.62%
GROWTH OVER THE MTREF		48.70%		65.28%	

It is important to note the trends of budget and financial management over the seven year period, that expenditure growth has exceeded revenue growth and that management and council are now in the process of aligning revenue growth with expenditure growth in support of lower than inflation tariff increases in the current and future MTREF.

The City of Kimberley is small in terms of extent and economic potential. However, due to its strategic position as well as climate conditions, it is an investment destination for solar

energy and will do well with production and manufacturing of various commodities and products that are not highly water and electricity dependent, due to scarcity and availability. However, over the period, it is noted that revenue grew by 48.70% whilst expenditure grew by 65.62% over the same period. This is as a result of Bulk Electricity increases over the period, increase in employee costs, as a result of higher than inflation annual increases, the conversion to TASK system and costs of materials for repairs and maintenance. The latter two years of the 2016/17 MTREF show a much more aligned increase in annual revenue projections as well as expenditure projections, with minor variances in percentages.

The above increases in revenue framework are mainly influenced by the implementation of new General Valuation Roll 2015, tariff increases for various services. This situation has been seen as very risky and the municipality is now looking at new and never explored revenue opportunities and revenue enhancement by focus on the following;

- Effective implementation of credit control policies
- Use of debt collection agents to support the efforts of the Finance Call Centre and Debt Management Section
- Untapped revenue sources (though feasibility studies need to be conducted. These will be directed to augment rates income without burdening the rate payers with additional taxation
- Indigent register management, to make sure only eligible households are benefitting from Free Basic Services
- Improved billing system and minimise lag time between consumption, billing and payment
- Meter reading based on technology (usage of devices that are online linking with the billing system)

Whilst on the expenditure side, the focus will be on the following items;

- Demand management for bulk services
- Water balancing and reducing non-revenue water
- Management of reticulation network to identify, rectify, and manage losses
- Control of employee costs by conducting needs and skills audit, identify critical skills required and pushing productivity from current staff compliment
- Value for money maintenance of property, plant and equipment
- Effective and efficient supply chain management policy implementation that minimises fruitless and wasteful expenditure as well as irregular expenditure.

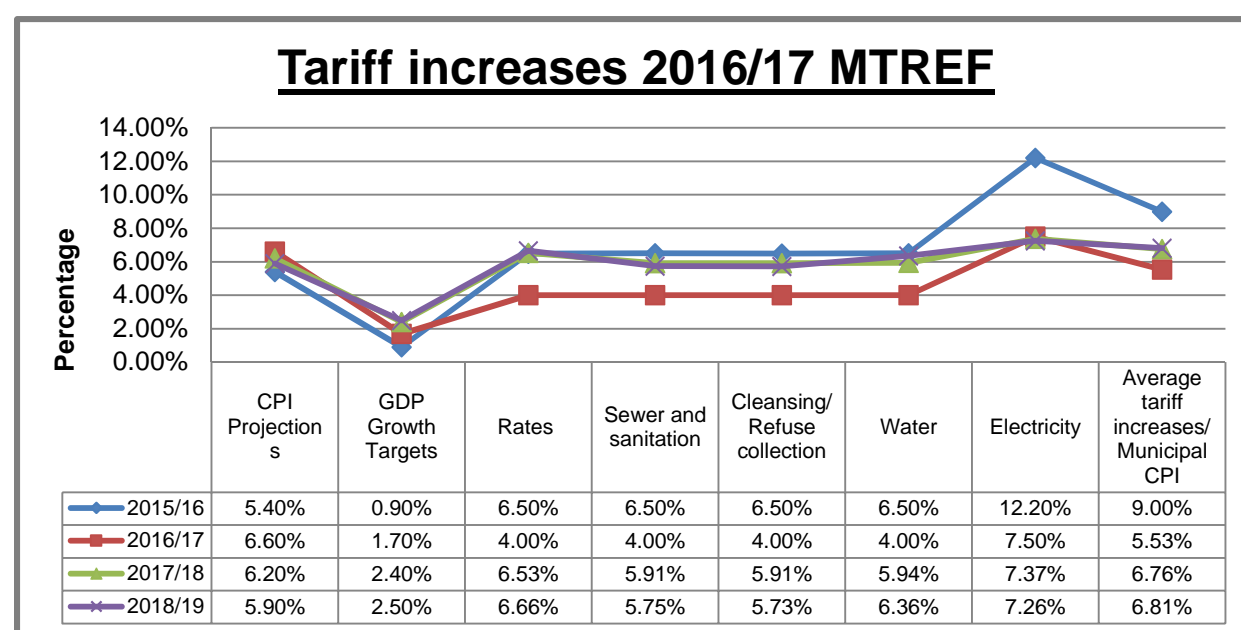
A concern is raised with regards to conditional grants allocation to the municipality, that despite the growth of informal settlements, grants and subsidies aimed at rolling bulk

infrastructure are very inconsistent which makes long term planning very erratic. There is a growing demand access roads, bulk water and sanitation installation and increasing capacity of various substations as well as upgrading cable that distributes the electricity throughout the city.

The proposed budgets as indicated above is as a result of an average tariff increase of 5.53% for 2016/17, a 6.76% average increase for 2017/18 and 6.81% average increase for 2018/19. The table below indicates this.

Tariffs	2015/16	2016/17	2017/18	2018/19
CPI Projections	5.40%	6.60%	6.20%	5.90%
GDP Growth Targets	0.90%	1.70%	2.40%	2.50%
Rates	6.50%	4.00%	6.53%	6.66%
Sewer and sanitation	6.50%	4.00%	5.91%	5.75%
Cleansing/Refuse collection	6.50%	4.00%	5.91%	5.73%
Water	6.50%	4.00%	5.94%	6.36%
Electricity	12.20%	7.50%	7.37%	7.26%
Average tariff increases/Municipal CPI	9.00%	5.53%	6.76%	6.81%

Revenue By Source	2016/17 Tariff Increase	% Growth Original 2015/16	% Growth Adjusted 2015/16	2017/18 Tariff Increase	% Growth	2018/19 Tariff Increase	% Growth
Property rates	4.00%	14.84%	9.67%	7.37%	6.53%	7.26%	6.66%
Service charges - electricity revenue	7.50%	7.51%	7.51%	7.37%	7.37%	7.26%	7.26%
Service charges - water revenue	4.00%	3.98%	8.40%	5.94%	5.94%	6.36%	6.36%
Service charges - sanitation revenue	4.00%	4.00%	5.02%	5.91%	5.91%	5.75%	5.75%
Service charges - refuse revenue	4.00%	12.60%	5.36%	5.91%	5.91%	5.73%	5.73%



3.2 Operating budget

The operating budget of the municipality is split between operating revenue by source, expenditure by type and expenditure by vote.

Operating expenditure budget is compiled using various approaches, the zero-based budget approach, incremental budgeting using prior years' experience and management's best estimates as well as needs based budgeting.

The total operating expenditure budget by type has increased from R1 753 816 000 as per the 2015/16 final budget to R1 891 344 000 for 2016/17, thus an average increase from the baseline of 7.84%. The average tariff increases for all services for the period is 4.47% with all other services increasing by 4% and electricity set to increase by 7.5%, which is in line with the tariff guidelines as provided by NERSA. Table 2 below presents the year on year growth and the average growth over the MTREF.

BUDGET ANALYSIS - YEAR ON YEAR GROWTH					
FINANCIAL YEAR	STATUS	OPERATING REVENUE	YEAR ON YEAR GROWTH	OPERATING EXPENDITURE	YEAR ON YEAR GROWTH
2012/13	Audited Outcome	1 445 922 558		1 295 310 980	
2013/14	Audited Outcome	1 524 371 622	5.43%	1 402 082 342	8.24%
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2015/16	Current Budget	1 794 620 291	10.76%	1 753 815 519	16.35%
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2018/19	2016/17 MTREF	2 150 125 026	6.65%	2 140 865 243	6.62%
GROWTH OVER THE MTREF		48.70%		65.28%	

Expenditure by type

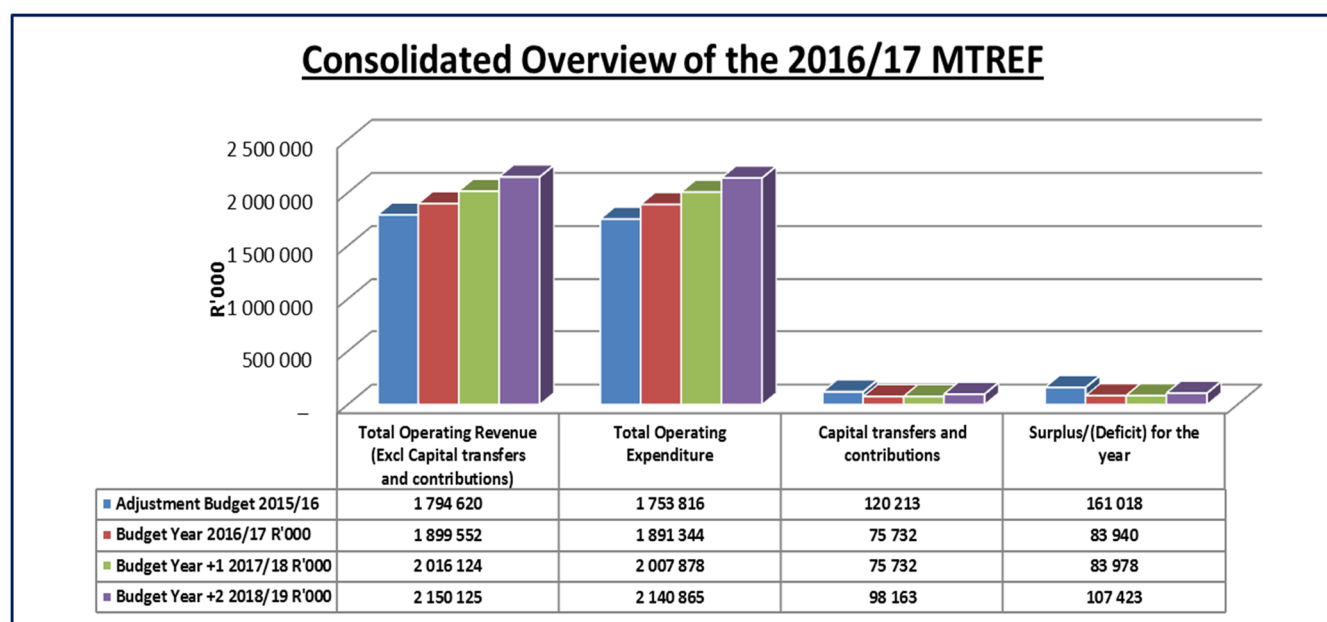
The municipality classifies its expenditure by type in line with the municipal budget and reporting regulations as well as in line with the Generally Recognised Accounting Practice, the presentation of financial statements. This is done to enable the municipality to analyse the major costs drivers in as far as operating expenditure budget is concerned, both at council (organisational) wide level and at vote level.

The mandate of the municipality is to ensure access to basic services by all the communities within the boundaries of the municipality and to provide these services at a price to those who can afford the services. As such employee costs are the major cost drivers in the organisation with 34% of the total operating budget spent on personnel. In terms of the table SA24 – Summary of personnel numbers, the municipality has 2 387 established positions and only 1 571 of these were filled, and 273 contract workers employed.

The municipality purchases the bulk services of electricity and water from ESKOM and Department of Water Affairs respectively. It must be mentioned that the municipal account with both institutions are up to date and paid in time monthly.

NC091 Sol Plaatje - Table A4 Budgeted Financial Performance (revenue and expenditure)							
Description	Ref	2016/17 Medium Term Revenue & Expenditure Framework					
R thousand	1	Budget Year 2016/17	2016/17 % weighting	Budget Year +1 2017/18	2016/17 % weighting	Budget Year +2 2018/19	2018/19 % weighting
Expenditure By Type							
Employee related costs	2	644 340	34%	682 524	34%	719 462	34%
Remuneration of councillors		23 312	1%	24 828	1%	26 317	1%
Debt impairment	3	190 500	10%	202 655	10%	218 021	10%
Depreciation & asset impairment	2	55 650	3%	60 967	3%	65 480	3%
Finance charges		27 757	1%	26 776	1%	25 762	1%
Bulk purchases	2	506 500	27%	548 470	27%	593 943	28%
Other materials	8	140 908	7%	141 786	7%	154 263	7%
Contracted services		34 363	2%	36 276	2%	38 153	2%
Transfers and grants		61 510	3%	64 524	3%	67 792	3%
Other expenditure	4, 5	206 503	11%	219 072		231 672	11%
Loss on disposal of PPE							
Total Expenditure		1 891 344		2 007 878		2 140 865	

The municipality has been succesfull in keeping the costs as a percentage of total operating budget at the same levels over the MTREF. This has been achieved by making sure that thorough thinking is made before proposals for funding are accepted. The role of the financial services directorate, especially budget implementation and control is yeilding results, as officials are gaining a deeper understanding of the core functions of each cost centre and vote and are in a better position to advise on budgeting and spending.



The operating revenue on the other side, had increased from R1 794 620 000.00 as per the final budget approved by Council in February 2016, to R1 899 552 000 estimated budget for 2016/17. The total revenue budget for 2016/17 MTREF including the two outer years is R6 065 801 000, against the total expenditure of R6 040 087 000 for the same period. Thus making budget surplus of R25 714 000.

Total grants including capital transfers amount to R266 121 000 for the MTREF as per the 2016 Division of Revenue Act, whilst the equitable share is R450 976 000, also for the 2016/17 MTREF.

The table below reflects the year on year growth in revenue by source:

Description	2016/17 Medium Term Revenue & Expenditure Framework					
	Budget Year 2016/17		Budget Year +1 2017/18		Budget Year +2 2018/19	
R thousands						
Financial Performance						
Property rates	486 708	26%	518 468	26%	552 991	26%
Service charges	1 087 887	57%	1 162 475	58%	1 242 345	58%
Investment revenue	19 000	1%	21 000	1%	23 000	1%
Transfers recognised - operational	165 897	9%	164 030	8%	177 571	8%
Other own revenue	140 059	7%	150 150	7%	154 217	7%
Total Revenue (excluding capital transfers and contributions)	1 899 552		2 016 124		2 150 125	

Revenue from service charges remains the major revenue source for the municipality. it is for this reason that reading of meters, billing, customer management and a service charter are the priorities for the 2016/17 MTREF. This will be done to ensure that customers are happy and continue to demand and pay for the service timeously, to enable the municipality to render quality and sustainable service.

Minor revenue sources contributes between 15% and 18% to the total revenue of the municipality whilst property rates and service charges revenue contributes up to 85% to total revenue of the municipality.

3.2.1 Revenue by source

The municipality generates its revenue from exchange transactions through sale of municipal services being water, service charges for electricity, refuse removal and sanitation. Other exchange transactions include hiring of property and equipment, etc. Revenue from exchange transactions generated service charges accounts for 57% of the total revenue of the municipality, whilst revenue from non-exchange transactions generated from property rates and taxes accounts for 24%. The total of billed municipal services is 83% of the total revenue.

The municipality currently has 60 297 ³households, ± 400 government and business accounts, thus making revenue borne of 60 697 customers. Currently household debt is 55% of the total debt due to the municipality. It is estimated that about 16 000 households earn below R3 750, being indigent as per the policy. The average monthly bill is currently R95 million for all services.

The municipal services are billed monthly based on consumption and approved tariffs. A consolidated bill is then sent out to the customer. The municipality is also appointed as an agent by the Department of Transport for motor vehicle registration and licensing and as such earns commission which mainly covers the direct costs of providing the service.

The municipality levies rates on the value of the property and development within its jurisdiction. Rates are payable annually by no later than 30 September each year or monthly as the municipal account falls due. Revenue from non-exchange transactions is generated from property rates and taxes.

The municipality offers an early settlement discount of 10% on water, refuse removal, sanitation and rates. About 20% of customers settle their accounts in time and as such benefit from the early settlement discount. Accounts not paid in time are charged with interest of prime plus one percent per month. The Credit Control Policy allows for the 100% write-off of interest upon full settlement, thus assisting customers to get reduce their as soon as they have access to additional cash. Further discounts are provided of up to 30% on unmetered services.

Description	Ref	Current Year 2015/16					2016/17 Medium Term Revenue & Expenditure Framework					
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	2015/16 % WEIGHTING	Budget Year 2016/17	2016/17 % WEIGHTING	Budget Year +1 2017/18	2016/17 % WEIGHTING	Budget Year +2 2018/19	2018/19 % WEIGHTING
Revenue By Source												
Property rates	2	423 808	443 808	443 808	443 808	25%	486 708	26%	518 468	26%	552 991	26%
Property rates - penalties & collection charges												
Service charges - electricity revenue	2	651 586	651 586	651 586	651 586	36%	700 551	37%	752 170	37%	806 806	38%
Service charges - water revenue	2	245 333	235 333	235 333	235 333	13%	255 104	13%	270 256	13%	287 454	13%
Service charges - sanitation revenue	2	72 545	71 845	71 845	71 845	4%	75 450	4%	79 912	4%	84 504	4%
Service charges - refuse revenue	2	50 428	50 228	50 228	50 228	3%	56 783	3%	60 137	3%	63 581	3%
Service charges - other			3 673	3 673	3 673	0%						
Rental of facilities and equipment		19 182	10 305	10 305	10 305	1%	10 690	1%	11 384	1%	12 067	1%
Interest earned - external investments		16 000	19 000	19 000	19 000	1%	19 000	1%	21 000	1%	23 000	1%
Interest earned - outstanding debtors		50 000	80 000	80 000	80 000	4%	70 000	4%	76 000	4%	76 000	4%
Dividends received						0%				0%		0%
Fines		10 419	15 879	15 879	15 879	1%	16 880	1%	17 901	1%	18 827	1%
Licences and permits		2 995	2 965	2 965	2 965	0%	3 270	0%	3 435	0%	3 622	0%
Agency services		5 800	5 800	5 800	5 800	0%	6 280	4%	6 594	0%	6 957	0%
Transfers recognised - operational		166 787	170 638	170 638	170 638	10%	165 897		164 030	8%	177 571	8%
Other revenue	2	34 336	33 559	33 559	33 559	2%	32 939	2%	34 836	2%	36 744	2%
Gains on disposal of PPE										0%		
Total Revenue (excluding capital transfers and contributions)		1 749 221	1 794 620	1 794 620	1 794 620		1 899 552		2 016 124		2 150 125	

³ Census 2011

3.2.2 Service charges – tariffs

The municipality is raising revenue by means of service charges from all its services. The Water Services and Electricity by-laws give effect to the raising of tariffs and clearly spell out the rights and responsibilities of customers and the municipality. All service charges and tariffs are determined with the objective of cost recovery rather than making profits. However, the trading services are ring-fenced and the costs include both direct and indirect costs. The average tariff increase increases is depicted in Table 4 below, presented together with ⁴CPIX projections

Tariffs	2015/16	2016/17	2017/18	2018/19
CPI Projections	5.40%	6.60%	6.20%	5.90%
GDP Growth Targets	0.90%	1.70%	2.40%	2.50%
Rates	6.50%	4.00%	6.53%	6.66%
Sewer and sanitation	6.50%	4.00%	5.91%	5.75%
Cleansing/Refuse collection	6.50%	4.00%	5.91%	5.73%
Water	6.50%	4.00%	5.94%	6.36%
Electricity	12.20%	7.50%	7.37%	7.26%
Average tariff increases/Municipal CPI	9.00%	5.53%	6.76%	6.81%

As can be seen in the table above, the average tariff increase for all services is 9% compared to an average of 8.13% of the previous year. Electricity had seen a double digit increase compared to last year's increase. The ⁵NERSA's guidelines on municipal electricity price increase for 2016/17 issued on the 01 March 2016 had been used to determine the price increases. The CPI projected in the guideline is 6.6% for 2016, 6.2% for 2017 and 5.9% for 2018, see MFMA Circular 79 provided in the budget statement.

Description (R thousand)	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	Weighting %	Budget Year 2016/17	Weighting %	Budget Year +1 2017/18	Weighting %	Budget Year +2 2018/19	Weighting %
Revenue By Source								
Property rates	443 808	25%	486 708	26%	518 468	26%	552 991	26%
Service charges - electricity revenue	651 594	36%	700 551	37%	752 170	37%	806 806	38%
Service charges - water revenue	235 333	13%	255 104	13%	270 256	13%	287 454	13%
Service charges - sanitation revenue	71 845	4%	75 450	4%	79 912	4%	84 504	4%
Service charges - refuse revenue	53 893	3%	56 783	3%	60 137	3%	63 581	3%
Rental of facilities and equipment	10 305	1%	10 690	1%	11 384	1%	12 067	1%
Interest earned - external investments	19 000	1%	19 000	1%	21 000	1%	23 000	1%
Interest earned - outstanding debtors	80 000	4%	70 000	4%	76 000	4%	76 000	4%
Fines	15 879	1%	16 880	1%	17 901	1%	18 827	1%
Licences and permits	2 965	0%	3 270	0%	3 435	0%	3 622	0%
Agency services	5 800	0%	6 280	0%	6 594	0%	6 957	0%
Transfers recognised - operational	170 638	10%	165 897	9%	164 030	8%	177 571	8%
Other revenue	33 559	2%	32 939	2%	34 836	2%	36 744	2%
Total Revenue (excluding capital transfers and contributions)	1 794 620	100%	1 899 552	100%	2 016 124	100%	2 150 125	100%

⁴ See MFMA Circular 79

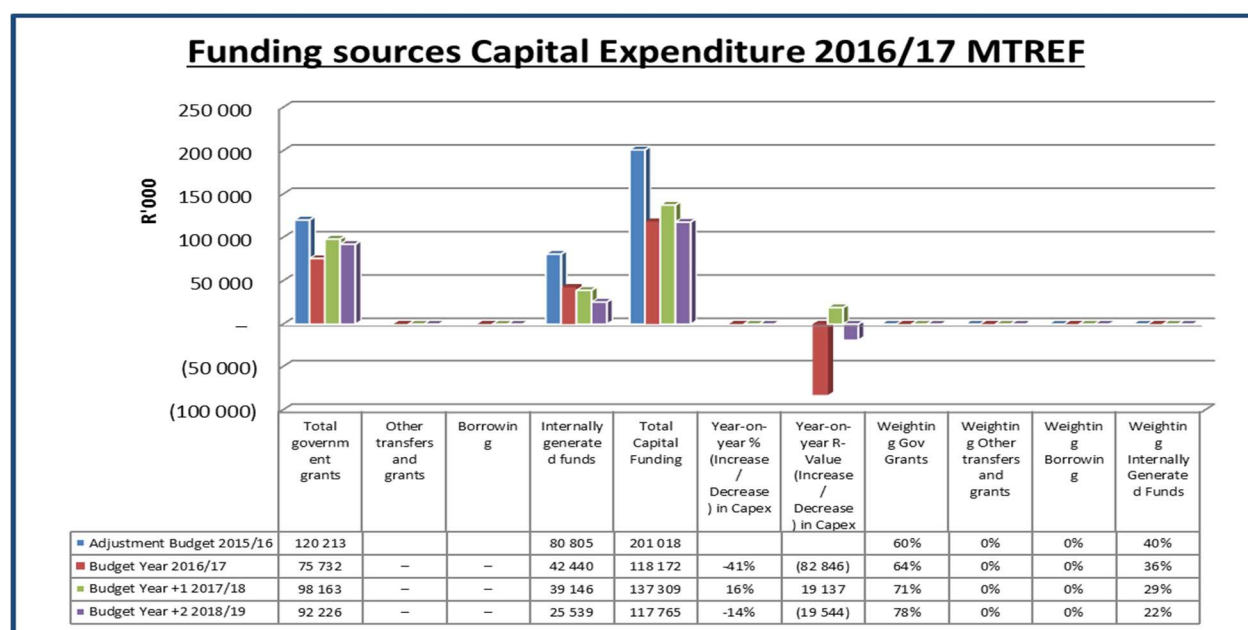
⁵ NERSA guidelines for tariff increases, letter dated 01 March 2016

3.3 Funding Capital Budget

The capital budget of the municipality is funded from grants and subsidies from government as well as own revenue sources. The municipality has resolved to borrow R50 million as a long term borrowing to fund capital budget deficit based on plans for 2016/17 and 2017/18. However, the loan application process has not resumed as yet, and hence the amount is not taken into account in the budget as it is being tabled, but will be consolidated when the budget is reviewed after assessing mid-term results for 2016/17 financial period.

The DoRA has been published, capital transfers and grants allocated to the municipality amounts to R75, 732 million. These grants are MIG in the amount of R45, 432 million, NDPG at R7, 5 million, INEP at R7, 4 million, Eskom Technical grant at R400 thousand and DWA (RBIG) at R15 million.

In the budget, no provincial grants had been recognised as a result of the Provincial Gazette being in the process of being finalised and published. The same applies to grants allocated by the district, and these grants are yet to be published, as well as grants from FBDM.



Conditional grants are applied in line with the conditions as published in the Division of Revenue Act annually. For the 2016/17 MTREF, MIG will be utilised in the creation of new assets with special focus of formal areas, to upgrade access roads with paved roads as well complete projects started in the current year, which were planned over multi years.

The NDPG funds are not yet unbundled into projects due to the process that is still unfolding with National Treasury on the development of business plans for funding under this grant.

	2016/17 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK			
FUNDING SOURCES CAPEX	FINAL BUDGET 2015/16	BUDGET YEAR 2016/17	BUDGET YEAR 2017/18	BUDGET YEAR 2018/19
TOTAL CAPITAL BUDGET	201 017 995	118 172 158	137 308 798	117 764 559
Total government grants	120 213 471	75 732 302	98 162 719	92 225 905
Borrowing		50 000 000		
Internally generated funds	80 804 524	42 439 856	39 146 079	25 538 654
year on year % increase/decrease	-33%	-44%	-60%	-72%
year on year rand value increase/decrease	-39 408 947	-33 292 446	-59 016 640	-66 687 251
WEIGHTING				
Government grants	60%	64%	71%	78%
Borrowing	-	30%		
Internally generated funds	40%	36%	29%	22%

The CAPEX funding mix is currently skewed, and whilst this is the case, the municipality had resolved to borrow a sum R50 million towards upgrade of roads and other services, project business plans are still being prepared and will be finalised as soon as possible. This will ensure that projects to be funded from the loan are known and agreed upon, and that within the revenue category, principle of affordability and impact on tariffs and budget has been determined.

Capital Expenditure on allocations and Grant Programmes 2016/17		
Name of Grant	Amount Gazetted	Project/s Funded by Grant
MIG	R 7 589 804	Riverton High Lift Pump
MIG	R 7 112 282	Roads and Stormwater Project 1
MIG	R 4 506 400	Roads and Stormwater Project 2
MIG	R 15 529 813	Upgrade Landfill Site
MIG	R 1 000 000	Lerato Park Civil Works
MIG	R 1 000 000	Lerato Park Sewer
MIG	R 8 694 003	Homevale Satellite Fire Station
Grand Total	R 45 432 302	
Name of Grant	Amount Gazetted	Project Funded by Grant
NDPG	R 7 900 000	Various Transport Links
Grand Total	R 7 900 000	
Name of Grant	Amount Gazetted	Project Funded by Grant
RBIG	R 15 000 000	Water Reticulation - Ritchie
Grand Total	R 15 000 000	
Name of Grant	Amount Gazetted	Project Funded by Grant
INEP	R 7 400 000	Electrification General
Grand Total	R 7 400 000	
Total Capital Grant Expenditure	R 75 732 302	

The process of approaching the market has not yet resumed immediately after the tabling of the budget for approval. This will result in the funding mix being made up of 30% borrowing, 45% grants and 25% internally generated funds.

3.4 Operating Expenditure

The municipality's operating expenditure is projected at R5.585 billion for the next three years, with employee costs amount to R1.905 billion of the total operating budget, and costs of bulk purchases shall amount to R1.522 billion. Employee costs represent 34% of the projected expenditure, whilst bulk costs takes about 28% of the total operating expenditure.

The bulk tariff increases are determined by the relevant authorities, NERSA for electricity and Department of Water Affairs for bulk water. The municipality purchases electricity from Eskom. It is only in Ritchie, whereby in terms of signed agreement, that Eskom is the distributor of electricity.

The municipality is a SALGA affiliate, as an employer, as such salary negotiations takes place at National level through the South African local Government Bargaining Council. A three year agreement is signed and this lapses on the 30th of June 2018. Salary negotiations have been concluded in during September 2015, and covers the first two years of the 2016/17 MTREF. The following is a summary of the agreement in as far as staff benefits are concerned;

- A minimum wage in Local Government of R6 014,93 per month with effect from 1 July 2016. This minimum wage shall increase annually by the same percentage agreed upon for annual salary increases as per the agreement
- An introduction of home owners allowance payable monthly to those who qualify
- The agreement also stipulates annual increases for 2016/17 and 2017/18 of CPI plus 1% per annum.

The municipality has adopted the TASK remuneration system with effect from 1 July 2010. The process of job evaluation is progressing well. There are however staff members whose positions are not yet finalised in terms of evaluation. This will have an impact on budgeted employee costs, but provision has been made in the budget to accommodate any variances that may arise as a result of concluding this process.

The Municipal Manager has appointed a Job Evaluation Committee and a policy giving effect to the establishment of the Committee. In the policy, provision is also made for employees to object the outcomes of the committee and an Appeals Committee is chaired by the Municipal

Manager. The review of the objections may have further financial implications for the municipality especially if the outcomes are contrary to the initial outcomes and the employee must be remunerated on the final outcomes with effect from the date the initial became effective.

Description	Ref	2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework					
R thousand	1	Audited Outcome	% WEIGHTING 2014/15	Original Budget	Adjusted Budget	% WEIGHTING 2015/16	Budget Year 2016/17	% WEIGHTING 2016/17	Budget Year +1 2017/18	% WEIGHTING 2017/18	Budget Year +2 2018/19	% WEIGHTING 2018/19
Expenditure By Type												
Employee related costs	2	463 301	31%	597 254	601 580	34%	644 340	34%	682 524	34%	719 462	34%
Remuneration of councillors		19 841	1%	21 365	21 365	1%	23 312	1%	24 828	1%	26 317	1%
Debt impairment	3	143 165	9%	161 000	161 000	9%	190 500	10%	202 655	10%	218 021	10%
Depreciation & asset impairment	2	46 081	3%	53 600	53 600	3%	55 650	3%	60 967	3%	65 480	3%
Finance charges		30 458	2%	29 790	29 690	2%	27 757	1%	26 776	1%	25 762	1%
Bulk purchases	2	404 461	27%	461 000	462 400	26%	506 500	27%	548 470	27%	593 943	28%
Other materials	8	82 513	5%	81 503	136 563	8%	140 908	7%	141 786	7%	154 263	7%
Contracted services		-	0%	-	32 395	2%	34 363	2%	36 276	2%	38 153	2%
Transfers and grants		58 194	4%	55 050	57 030	3%	61 510	3%	64 524	3%	67 792	3%
Other expenditure	4, 5	251 712	17%	277 780	198 193	11%	206 503	11%	219 072		231 672	11%
Loss on disposal of PPE		7 653	1%	-	-							
Total Expenditure		1 507 379		1 738 343	1 753 816		1 891 344		2 007 878		2 140 865	

3.5 Capital expenditure

As part of developmental agenda, infrastructure led growth and roll out of bulk infrastructure to ensure access to basic service and improve service delivery, the municipality is continuously investing in infrastructure upgrade, refurbishment, and maintenance of existing infrastructure as well as create new infrastructure for growth and development opportunities.

The municipality has invested significantly on the installation bulk infrastructure over the years and most of these projects have been completed with the exception of Homevale Waste Water Treatment Plant, which was a mega-project with various phases of in it. According to the Engineers Reports, the project is now at its final phase and the projected completion date of the project is 31 August 2016.

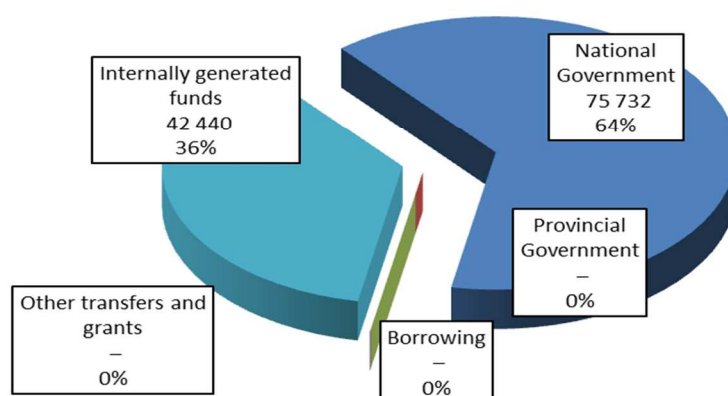
The capital expenditure budget is mainly funded from internally generated funds not committed for any purposes in accordance with MFMA Section 18. Funds gazetted through National and Provincial grants are recognised to fund the capital expenditure on projects that meet the minimum conditions of the grants, as agreed upon with the Transferring Officer.

For 2016/17 and the two outer years, 2017/18 and 2018/19, the following are the available funds that will be spent on projects as identified in the IDP Review, Sector Plans and other

source documents used by the municipality for project identification, prioritisation and funding.

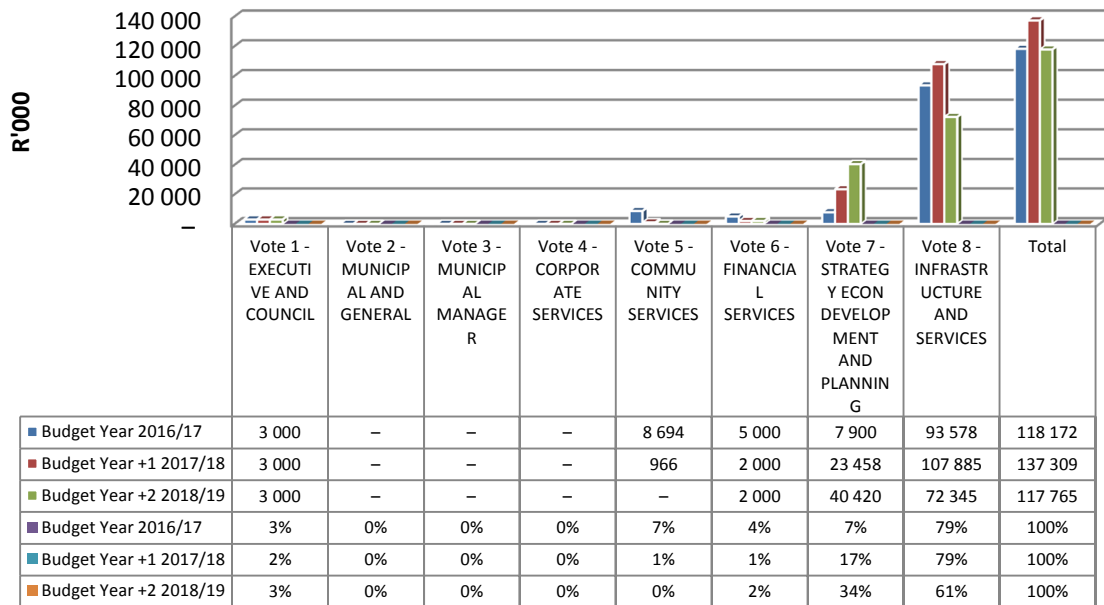
	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	R'000	R'000	R'000
Funding sources of capex			
Funded by:			
National Government	75 732	98 163	92 226
Provincial Government			
District Municipality			
Other transfers and grants			
Transfers recognised - capital	75 732	98 163	92 226
Public contributions & donations			
Borrowing			
Internally generated funds	42 440	39 146	25 539
Total Capital Funding	118 172	137 309	117 765

Weighting per Funding source Capital Budget 2015/16

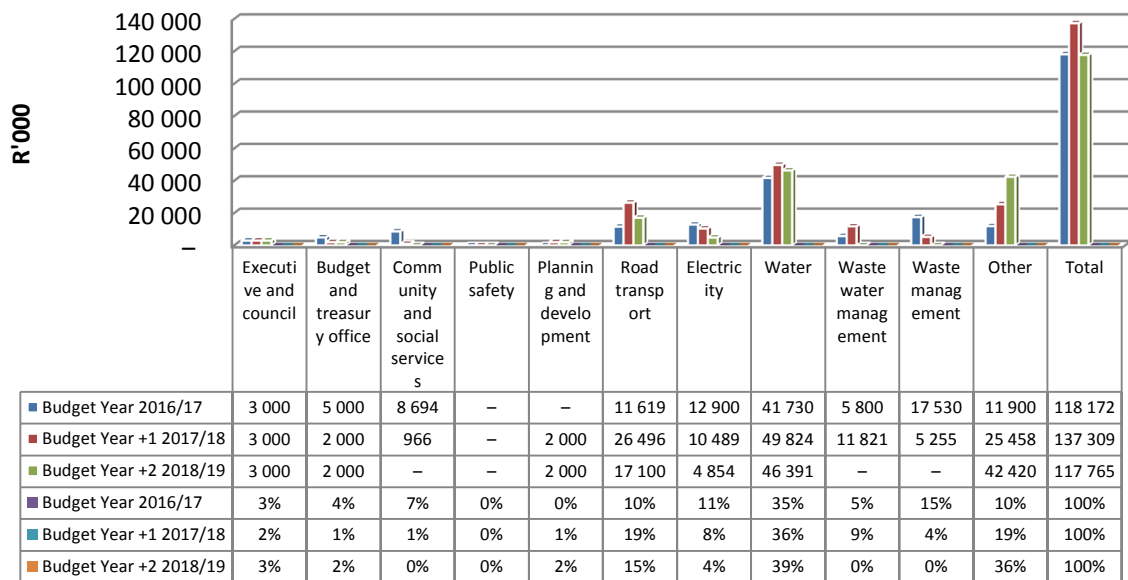


Funding sources of capex	2016/17 Medium Term Revenue & Expenditure Framework			
	Adjustment Budget 2015/16	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	R'000	R'000	R'000	R'000
Total Capital Budget	201 018	118 172	137 309	117 765
Total government grants	120 213	75 732	98 163	92 226
Other transfers and grants		–	–	–
Borrowing		–	–	–
Internally generated funds	80 805	42 440	39 146	25 539
Total Capital Funding	201 018	118 172	137 309	117 765
Year-on-year % (Increase / Decrease) in Capex		-41%	16%	-14%
Year-on-year R-Value (Increase / Decrease) in Capex		(82 846)	19 137	(19 544)
Weighting Gov Grants	60%	64%	71%	78%
Weighting Other transfers and grants	0%	0%	0%	0%
Weighting Borrowing	0%	0%	0%	0%
Weighting Internally Generated Funds	40%	36%	29%	22%
Total	100%	100%	100%	100%

Capital Expenditure per Municipal Vote



Capital Expenditure per Standard Classification



3.6 OPERATING REVENUE FRAMEWORK

The municipality's revenue is determined through tariff determination for various services at affordable levels and tariffs that are fair and set at realistic levels. A consideration is made to the households and citizens in the municipality who do not have adequate means to afford municipal services.

The revenue raising strategy of the municipality is based on the following key components:

- National Treasury guidelines
- Estimated demand in municipal services
- Realistic revenue projections based on realistically projected collection rate for services
- Electricity tariff increases as approved by the National Electricity Regulator South Africa
- Tariffs for trading services that are cost reflective
- The raising of property rates in line with the property rates policy as reviewed annually and within the prescripts of Municipal Property Rates Act 6 of 2004
- The Indigent Household Policy which is aimed at assisting the poor
- All other tariffs and including tariffs for rental of municipal properties and flats

The table 7 below presents revenue by source for the period 2015/16 to 2018/19

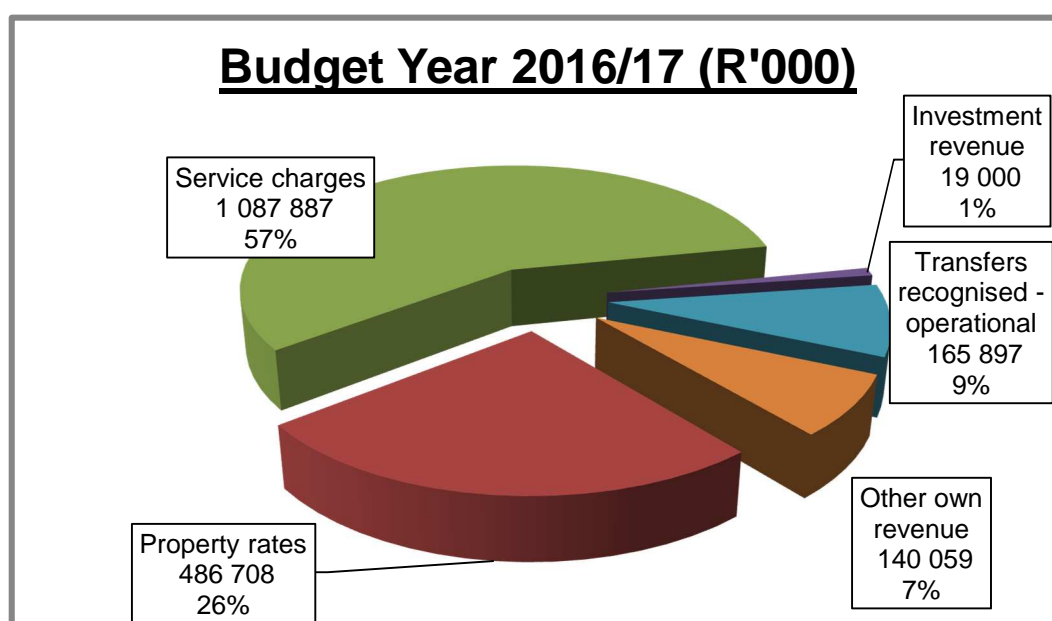
Description (R thousand)	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	Weighting %	Budget Year 2016/17	Weighting %	Budget Year +1 2017/18	Weighting %	Budget Year +2 2018/19	Weighting %
Revenue By Source								
Property rates	443 808	25%	486 708	26%	518 468	26%	552 991	26%
Service charges - electricity revenue	651 594	36%	700 551	37%	752 170	37%	806 806	38%
Service charges - water revenue	235 333	13%	255 104	13%	270 256	13%	287 454	13%
Service charges - sanitation revenue	71 845	4%	75 450	4%	79 912	4%	84 504	4%
Service charges - refuse revenue	53 893	3%	56 783	3%	60 137	3%	63 581	3%
Rental of facilities and equipment	10 305	1%	10 690	1%	11 384	1%	12 067	1%
Interest earned - external investments	19 000	1%	19 000	1%	21 000	1%	23 000	1%
Interest earned - outstanding debtors	80 000	4%	70 000	4%	76 000	4%	76 000	4%
Fines	15 879	1%	16 880	1%	17 901	1%	18 827	1%
Licences and permits	2 965	0%	3 270	0%	3 435	0%	3 622	0%
Agency services	5 800	0%	6 280	0%	6 594	0%	6 957	0%
Transfers recognised - operational	170 638	10%	165 897	9%	164 030	8%	177 571	8%
Other revenue	33 559	2%	32 939	2%	34 836	2%	36 744	2%
Total Revenue (excluding capital transfers and contributions)	1 794 620	100%	1 899 552	100%	2 016 124	100%	2 150 125	100%

The table 8 below however, indicates percentage weighting per revenue source and the following summary is made:

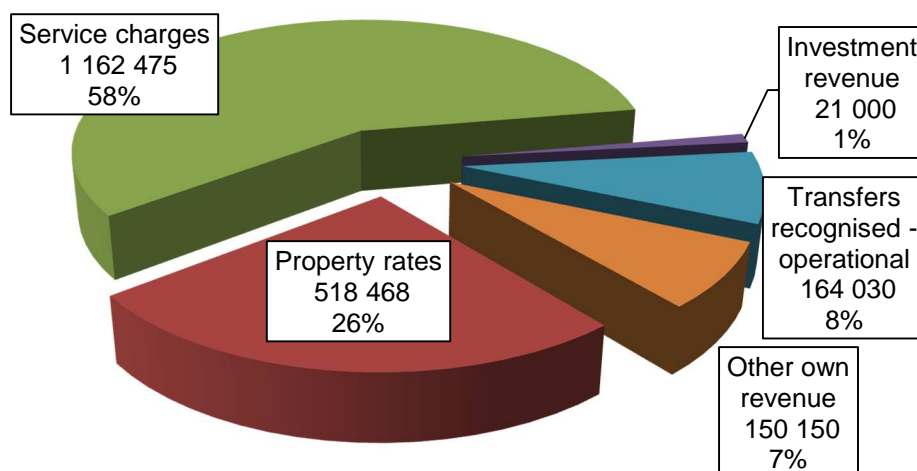
Description	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousands	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance							
Property rates	423 808	443 808	443 808	443 808	486 708	518 468	552 991
Service charges	1 019 893	1 012 666	1 012 666	1 012 666	1 087 887	1 162 475	1 242 345
Investment revenue	16 000	19 000	19 000	19 000	19 000	21 000	23 000
Transfers recognised - operational	166 787	170 638	170 638	170 638	165 897	164 030	177 571
Other own revenue	122 733	148 509	148 509	148 509	140 059	150 150	154 217
Total Revenue (excluding capital transfers and contributions)	1 749 221	1 794 620	1 794 620	1 794 620	1 899 552	2 016 124	2 150 125

- That service charges of electricity, water, sanitation and refuse removal accounts for 57% of the projected revenues in 2016/17, 58% in both the 2017/18 and 2018/19 financial year.
- Revenue from property rates is 26% for the MTREF.
- Operating grants and subsidies received are consistent at 8% contribution to the total revenue of the municipality.

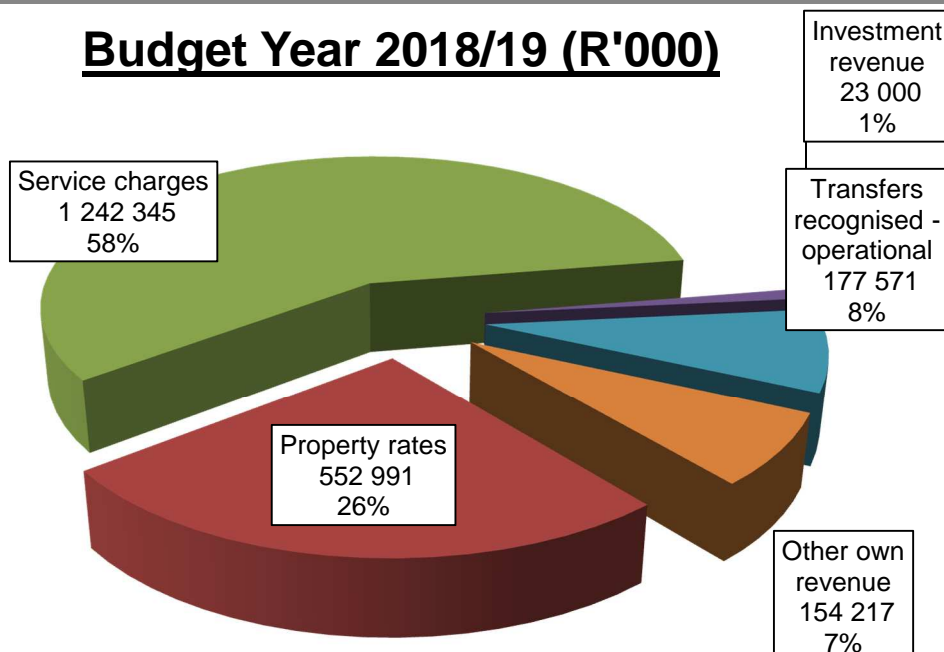
Indicated in the charts below is the summarised weighting per major Revenue Source:



Budget Year 2017/18 (R'000)



Budget Year 2018/19 (R'000)



As indicated in the charts above the major contributing revenue is derived from Service Charges at 58% of total revenue.

The detailed report on operating transfers and grants receipts for the period is presented below and this basically indicates the following:

- That operating grants and subsidies reduces over the period as a result of reduction in equitable share allocation and single year allocations of other grants

- Provincial grants are not included as yet as they are pending the release of Provincial Gazette and these will be updated as soon as the provincial gazette for 2016 is published.

Table 9 is a breakdown of Transfers and grant receipts

NC091 Sol Plaatje - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		157 830	157 963	156 604	154 349	154 349	154 349	156 370	154 037	167 466
Local Government Equitable Share		146 493	145 905	145 440	143 335	143 335	143 335	144 171	146 972	159 833
Finance Management		1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700	1 700
Municipal Systems Improvement		800	890	934	930	930	930	1 300	1 365	1 433
EPWP Incentive		7 660	6 618	5 330	4 984	4 984	4 984	5 574		
Infrastructure Skills Development		1 377	3 000	3 300	3 500	3 500	3 500	3 700	4 000	4 500
Provincial Government:		6 920	2 571	7 372	10 735	10 585	10 585	7 407	7 757	7 757
Health subsidy		2 525	865	2 809	2 978	2 978	2 978			
COGHSTA		3 100								
Library		1 295	1 706	4 563	7 757	7 253	7 253	7 407	7 757	7 757
Department of Economic Development & Tourism (NDA)						354	354			
District Municipality:		800	1 800	2 761	-	4 000	4 000	-	-	-
Frances Baard District Municipality		800	1 800	2 761		4 000	4 000			
Other grant providers:		1 315	4 267	1 544	1 703	1 703	1 703	2 120	2 236	2 348
MIG ops		1 215	1 337	1 544	1 703	1 703	1 703	2 120	2 236	2 348
Other grant providers:		100	2 930							
Total Operating Transfers and Grants	5	166 865	166 601	168 281	166 787	170 638	170 638	165 897	164 030	177 571
Capital Transfers and Grants										
National Government:		97 644	99 126	60 497	64 276	94 540	94 540	75 732	98 163	92 226
Municipal Infrastructure Grant (MIG)		50 674	54 045	45 667	46 626	46 626	46 626	45 432	48 716	51 452
Neighbourhood Development Partnership			7 220		5 000			7 500	20 858	37 420
EDSM		50	4 948							
INEP		15 086	32 914	3 000	7 000	7 000	7 000	7 400	7 989	2 354
Department of Water Affairs		31 833		11 830	5 550	40 914	40 914	15 000	20 000	
INEP (Eskom)					100			400	600	1 000
Provincial Government:		3 240	36 743	47 263	-	20 674	20 674	-	-	-
Department of Water Affairs			20 617							
COGHSTA		3 240	15 165	43 863		20 674	20 674			
DHLG (GURP)			960	3 400						
District Municipality:		1 306	4 284	5 996	-	5 000	5 000	-	-	-
Frances Baard District Municipality		1 306	4 284	5 996		5 000	5 000			
Other grant providers:		7 768	-	-	-	-	-	-	-	-
MIG ops		7 768								
Total Capital Transfers and Grants	5	109 958	140 153	113 756	64 276	120 213	120 213	75 732	98 163	92 226
TOTAL RECEIPTS OF TRANSFERS & GRANTS		276 823	306 754	282 036	231 063	290 851	290 851	241 629	262 193	269 797

3.6.1 Revenue from property rates

Property rates are levied in line with the Municipal Property Rates Act and the Policy as approved by the Council. Property rates shall be based on the valuation as indicated in the general valuation roll (GV 2015) with the date of valuation being 1 July 2015. Interim valuations are conducted after this date due to land sub-divisions, alterations to buildings, demolitions and new buildings and improvements and new rates are determined as per the Supplementary Valuation Roll.

Accordingly the rates levied per individual property will depend on the amendment to that property change in valuation compared with the average change to all properties.

Rebates and concessions are granted on certain categories of property usages and/or property owner. Table 10 below presents the assumptions made in estimating revenue from property rates. The bar chart indicates the weighting per category.

Category	Rateable Valuation	Income 15/16	Proposed Tariffs	Proposed Rebate	Proposed Income
Residential Property	R 15 049 079 400.00	R 126 163 957.15	0.009688	0	R 143 766 148.47
Vacant Residential Property	New Category	0	0.014531	0	R -
Industrial Property	R 428 866 500.00	R 12 583 715.07	0.031000	0	R 13 294 998.74
Vacant Industrial	New Category	0	0.033907	0	R -
Business and Commercial Property	R 3 906 097 601.00	R 96 602 090.38	0.028578	0	R 111 630 097.80
Vacant Business and Commercial Property	New Category	0	0.033907	0	R -
Agricultural Property	R 2 055 718 714.00	R 3 528 027.97	0.002422	0	R 4 978 745.15
Mining Property	R 37 603 900.00	R 6 620 196.68	0.213127	0	R 8 014 413.92
Public Service Property	R 68 640 500.00	R 4 258 250.70	0.029063	0	R 1 994 885.12
Property Used by Organ of State	R 3 037 578 700.00	R 188 442 269.81	0.067813	0	R 205 987 931.90
Public Service Infrastructure	R -	0	0.002422	0	R -
Public Benefit Activity Property	R -	0	0.002422	0	R -
Place of Worship	0	0	0.000000	0	R -
Land Reform Beneficiary	R -	0	0.000000	0	R -
Rural Estates	R 176 549 000.00	R 1 110 034.18	0.007266	0	R 1 282 752.07
Multi-purpose Properties	R 349 530 900.00	R 6 406 207.58	0.019375	0	R 6 772 231.09
Municipal	R -	R -	0.000000		
Independent Schools	R 36 921 000.00	R -	0.001453	0	R 53 651.38
Guest Houses	R 34 740 000.00	R 506 606.76	0.019375	0	R 673 094.45
Creches	New Category		0.019375	0	R -
Pensioner Rebate	R 352 684 500.00	R 1 642 628.06	0.009688	R 1 879 166.50	R 1 537 499.86
Indigent Rebate	R 1 162 885 820.00		0.009688	R 11 265 572.67	R -11 265 572.67
Bona Fide Agricultural Property Rebate	R 1 794 055 314.00		0.002422	R 2 172 511.28	R -2 172 511.28
	R 25 534 010 715.00	R 447 699 721.54	0.019134	R 15 317 250.45	R 486 548 366.00

Supplementary Valuation Rolls are produced roughly every quarter (at least 4 times a year) to update the General Valuation Roll. This is performed concurrent to the schedule above

3.6.2 Tariffs per service

NC091 Sol Plaatje - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
							Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Property rates (rate in the Rand)	1								
Residential properties		Residential	0.009970	0.010859	0.011618	0.0093	0.009688	0.010402	0.011157
Residential properties - vacant land									
Formal/informal settlements									
Small holdings									
Farm properties - used		Agricultural farms	0.001495	0.001629	0.001743	0.0019	0.002422	0.002600	0.002789
Farm properties - not used		Agricultural business	0.002492	0.002715	0.002905	0.0023	0.002422	0.002600	0.002789
Industrial properties		Industrial	0.042370	0.046152	0.047634	0.0326	0.031000	0.033285	0.035702
Business and commercial properties		Business/Residential	0.029909	0.032578	0.034854	0.0275	0.028578	0.030685	0.032912
Communal land - residential									
Communal land - small holdings									
Communal land - farm property									
Communal land - business and commercial									
Communal land - other									
State-owned properties		State / Public schools	0.073774	0.080359	0.087135	0.0689	0.067813	0.072811	0.078097
Municipal properties		Municipal residential	0.009970	0.010859	0.011618	-	-	-	-
Public service infrastructure		Public services infrastr.	-	-	-	-	-	-	-
Privately owned towns serviced by the State trust land									
Restitution and redistribution properties									
Protected areas									
National monuments properties									
Exemptions, reductions and rebates (Rands)									
Residential properties									
R15 000 threshold rebate			15 000	15 000	15 000	15 000	15 000	15 000	15 000

Sale of water and sanitation

The progressive nature of stepped tariff structure for water allows for the needs of the indigents. At the same time, it is designed to discourage high water consumption levels.

There is a 4% proposed tariff increase for water services to accommodate the reading the new water demand as per the latest figures. This is also in line with National Treasury's circular 74 of cost recovery based tariffs for trading services. The proposed water tariffs for 2016/17 are summarised in the tables 12 below:

Description	Ref	Provide description of tariff structure where appropriate	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
							Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Water tariffs									
Domestic									
Basic charge/fee (Rands/month)									
Service point - vacant land (Rands/month)									
Water usage - flat rate tariff (c/kl)									
Water usage - life line tariff		Residential (0-6kl)	3.80	4.14	4.76	5.07	5.27	5.58	5.94
Water usage - Block 1 (c/kl)		Residential (7-20kl)	16.16	17.60	20.24	21.55	22.41	23.75	25.26
Water usage - Block 2 (c/kl)		Residential (21-40kl)	18.19	19.81	22.78	24.26	25.23	26.73	28.43
Water usage - Block 3 (c/kl)		Residential (41-60kl)	19.23	20.94	24.08	25.65	26.68	28.26	30.06
Water usage - Block 4 (c/kl)		Residential (more than 60kl)	20.55	22.38	25.74	27.41	28.50	30.20	32.12
Other	2								

Comparison between current water charges and the proposed increases

For all step tariffs, the average tariff increases are as follows;

Water tariffs	2014/15	2015/16		2016/17		2017/18		Increase over MTREF (R-Value)
	R-Value	% Increase	R-Value Increase	% Increase	R-Value Increase	% Increase	R-Value Increase	
Residential (0-6kl)	4.76	6.51%	0.31	6.11%	0.31	6.13%	0.33	0.95
Residential (7-20kl)	20.24	6.47%	1.31	6.13%	1.32	6.12%	1.40	4.03
Residential (21-40kl)	22.78	6.50%	1.48	6.10%	1.48	6.10%	1.57	4.53
Residential (41-60kl)	24.08	6.52%	1.57	6.12%	1.57	6.10%	1.66	4.80
Residential (more than 60kl)	25.74	6.49%	1.67	6.13%	1.68	6.08%	1.77	5.12

Water

2016/17, the average tariff increase is 4%

2017/18, the average tariff increase is 6.13%

2018/19, the average tariff increase is estimated at 6.09%

Sanitation tariffs for 2016/17 MTREF

Sanitation is charged at flat tariff per category and the tariffs proposed for all customers are presented in the tables 13 below:

Description	Ref	Provide description of tariff structure where appropriate	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
							Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Waste water tariffs									
<i>Domestic</i>									
Basic charge/flat fee (Rands/month)			109.50	116.65	124.33	132.31	137.60	145.73	154.11
Service point - vacant land (Rands/month)									
Waste water - flat rate tariff (c/kl)									
Volumetric charge - Block 1 (c/kl)									
Volumetric charge - Block 2 (c/kl)									
Volumetric charge - Block 3 (c/kl)									
Volumetric charge - Block 4 (c/kl)									
<i>Other</i>	2								

Comparison between current sanitation charges and the proposed increases

Waste water tariffs	2015/16	2016/17		2017/18		2018/19		Increase over MTREF (R-Value)
	R-Value	% Increase	R-Value Increase	% Increase	R-Value Increase	% Increase	R-Value Increase	
	132.31	4.00%	5.29	5.91%	8.13	5.75%	8.38	

As indicated in the table above, the proposed tariffs increases for sanitation are as follows;

2016/17, the average tariff increase is 4%

2017/18, the average tariff increase is 5.91%

2018/19, the average tariff increase is estimated at 5.75%

Refuse removal and impact of tariff increases

Tariffs on refuse collection are levied to recover costs of providing the service directly to the customer. This budget proposes a 4% increase on refuse collection tariffs for the 2016/17 financial period.

The tables 14 below presents the impact of the proposed tariffs increases:

Description	Ref	Provide description of tariff structure where appropriate	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
							Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Waste management tariffs</u>									
<i>Domestic</i>									
Street cleaning charge									
Basic charge/fixed fee			78.30	83.70	88.64	94.40	98.18	103.98	
80l bin - once a week									
250l bin - once a week									

Waste management tariffs	2015/16	2016/17		2017/18		2018/19		Increase over MTREF (R-Value)
	R-Value	% Increase	R-Value Increase	% Increase	R-Value Increase	% Increase	R-Value Increase	
Basic charge/fixed fee	94.40	4.00%	3.78	5.91%	5.80	5.73%	5.96	15.54

Comparison between current refuse removal charges and the proposed increases

2016/17, the average tariff increase is 4%

2017/18, the average tariff increase is 5.91%

2018/19, the average tariff increase is estimated at 5.73%

Sale of electricity and the impact on tariff increases

The proposed revisions of tariffs have been developed in line with the municipality's Electricity By-Laws, Tariff Policy as approved and it complies with Section 74 of the Municipal Systems Act as well as the recommendations of the NERSA and internal funding requirements for 2016/17.

In terms of Section 75A of the Local Government Municipal Systems Act, any fees, charges or tariffs which a municipality may levy and recover in respect of any function or service of the municipality, must be approved by a resolution passed by the municipal council with a supporting vote by majority of its members. Whilst the Electricity Regulation Act requires that the proposed revisions of electricity consumption based tariffs shall be submitted to NERSA for approval prior to implementation.

At this present moment, a draft application will be prepared and submitted to NERSA whilst NERSA on the other hand has not yet issued a definitive guideline for municipal increases for 2016/17.

As a result of the above, the average revenue increase requirement is 7.5%, as depicted in tables 15 below.

Description	Ref	Provide description of tariff structure where appropriate	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
							Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Electricity tariffs									
Domestic									
Basic charge/fix ed fee (<i>Rands/month</i>)									
Service point - vacant land (<i>Rands/month</i>)									
FBE									
Life-line tariff - meter									
Life-line tariff - prepaid									
Flat rate tariff - meter (<i>c/kwh</i>)									
Flat rate tariff - prepaid(<i>c/kwh</i>)									
Meter - IBT Block 1 (<i>c/kwh</i>)		Block 1 (0 - 50 Kwh)		1.12	1.19	1.34	1.44	1.54	1.66
Meter - IBT Block 2 (<i>c/kwh</i>)		Block 2 (51 - 350 Kwh)		1.53	1.63	1.83	1.97	2.12	2.27
Meter - IBT Block 3 (<i>c/kwh</i>)		Block 3 (351 - 600 Kwh)		1.66	1.77	1.98	2.13	2.29	2.46
Meter - IBT Block 4 (<i>c/kwh</i>)		Block 4 (> 600 Kwh)		1.76	1.88	2.10	2.26	2.43	2.61
Meter - IBT Block 5 (<i>c/kwh</i>)									
Prepaid - IBT Block 1 (<i>c/kwh</i>)		Block 1 (0 - 50 Kwh)		1.12	1.19	1.34	1.44	1.54	1.66
Prepaid - IBT Block 2 (<i>c/kwh</i>)		Block 2 (51 - 350 Kwh)		1.53	1.63	1.83	1.97	2.12	2.27
Prepaid - IBT Block 3 (<i>c/kwh</i>)		Block 3 (351 - 600 Kwh)		1.66	1.77	1.98	2.13	2.29	2.46
Prepaid - IBT Block 4 (<i>c/kwh</i>)		Block 4 (> 600 Kwh)		1.76	1.88	2.10	2.26	2.43	2.61
Prepaid - IBT Block 5 (<i>c/kwh</i>)									
Other	2								

Electricity Tariffs	2015/16	2016/17		2017/18		2018/19		Increase over MTREF (<i>c/kwh</i>)
	R-Value (<i>c/Kwh</i>)	% Increase	R-Value Increase (<i>c/Kwh</i>)	% Increase	R-Value Increase (<i>c/Kwh</i>)	% Increase	R-Value Increase (<i>c/Kwh</i>)	
Block 1 (0 - 50 Kwh)	1.3379	7.50%	0.1003	7.37%	0.1060	7.26%	0.1121	0.3184
Block 2 (51 - 350 Kwh)	1.8342	7.50%	0.1376	7.37%	0.1453	7.26%	0.1537	0.4366
Block 3 (351 - 600 Kwh)	1.9845	7.50%	0.1488	7.37%	0.1572	7.26%	0.1663	0.4723
Block 4 (> 600 Kwh)	2.1048	7.50%	0.1578	7.37%	0.1668	7.26%	0.1764	0.5009

3.6.3 Overall impact of tariffs on households

The following table 16 shows the overall expected impact on the tariff increases on large, medium households and small households receiving free basis services in the 2016/17 financial year.

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		512.21	557.90	596.87	478.56	478.56	478.56	4.0%	497.72	530.22	565.53
Electricity: Basic levy		198.70									
Electricity: Consumption		1 000.88	1 432.65	1 538.36	1 715.09	1 715.09	1 715.09	7.5%	1 843.70	1 979.58	2 123.30
Water: Basic levy											
Water: Consumption		340.22	370.53	426.09	453.73	453.73	453.73	4.0%	471.84	499.86	531.66
Sanitation		86.45	92.09	98.08	104.46	104.46	104.46	4.0%	108.63	115.05	121.67
Refuse removal		61.82	66.08	69.98	74.53	74.53	74.53	4.0%	77.51	82.09	86.80
Other											
sub-total		2 200.27	2 519.25	2 729.39	2 826.35	2 826.35	2 826.35	6.1%	2 999.40	3 206.81	3 428.95
VAT on Services		236.33	274.59	298.55	328.69	328.69	328.69		350.23	374.72	400.88
Total large household bill:		2 436.59	2 793.84	3 027.94	3 155.05	3 155.05	3 155.05	6.2%	3 349.63	3 581.53	3 829.83
% increase/-decrease			14.7%	8.4%	4.2%	-	-		6.2%	6.9%	6.9%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		362.66	395.01	422.60	338.83	338.83	338.83	4.0%	352.40	375.41	400.42
Electricity: Basic levy											
Electricity: Consumption		654.12	670.32	715.38	802.48	802.48	802.48	7.5%	862.67	926.25	993.50
Water: Basic levy											
Water: Consumption		268.41	292.33	336.17	357.96	357.96	357.96	4.0%	372.24	394.36	419.44
Sanitation		86.45	92.09	98.08	104.46	104.46	104.46	4.0%	108.63	115.05	121.67
Refuse removal		61.82	66.08	69.98	74.53	74.53	74.53	4.0%	77.51	82.09	86.80
Other											
sub-total		1 433.46	1 515.84	1 642.22	1 678.26	1 678.26	1 678.26	5.7%	1 773.46	1 893.16	2 021.81
VAT on Services		149.91	156.92	170.75	187.52	187.52	187.52		198.95	212.48	227.00
Total small household bill:		1 583.37	1 672.75	1 812.96	1 865.78	1 865.78	1 865.78	5.7%	1 972.41	2 105.65	2 248.81
% increase/-decrease			5.6%	8.4%	2.9%	-	-		5.7%	6.8%	6.8%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		213.11	232.12	248.33	199.11	199.11	199.11	4.0%	207.08	220.60	235.30
Electricity: Basic levy											
Electricity: Consumption		384.03	385.01	410.89	402.24	402.24	402.24	7.5%	432.41	464.28	497.99
Water: Basic levy											
Water: Consumption		178.61	194.53	223.71	238.18	238.18	238.18	4.0%	247.69	262.40	279.09
Sanitation											
Refuse removal											
Other											
sub-total		775.75	811.65	882.93	839.53	839.53	839.53	5.7%	887.18	947.29	1 012.37
VAT on Services		78.77	81.13	88.84	89.66	89.66	89.66		95.21	101.74	108.79
Total small household bill:		854.51	892.79	971.77	929.19	929.19	929.19	5.7%	982.40	1 049.02	1 121.17
% increase/-decrease			4.5%	8.8%	(4.4%)	-	-		5.7%	6.8%	6.9%

3.7 OPERATING EXPENDITURE FRAMEWORK

The municipality's expenditure for the 2016/17 budget and MTREF is informed by the following:

- Modelling of feasible and sustainable budgets over the medium term,
- Cognisance of international, national and local economic- and fiscal conditions,
- Expenditure limits set by realistic and realisable revenue levels,
- The asset repairs and maintenance goals,
- Relevant (budget and other) legislative imperatives, and
- Operational gains and efficiencies directed to fund areas of strategic priority and known commitments.

The following table 17 is a high level summary of the 2016/17 budget and MTREF

	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
Expenditure By Type	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Employee related costs	438 406	474 749	463 301	597 254	601 580	601 580	644 340	682 524	719 462
Remuneration of councillors	17 243	18 459	19 841	21 365	21 365	21 365	23 312	24 828	26 317
Debt impairment	110 819	126 810	143 165	161 000	161 000	161 000	190 500	202 655	218 021
Depreciation & asset impairment	42 949	42 522	46 081	53 600	53 600	53 600	55 650	60 967	65 480
Finance charges	24 694	28 056	30 458	29 790	29 690	29 690	27 757	26 776	25 762
Bulk purchases	347 076	381 005	404 461	461 000	462 400	462 400	506 500	548 470	593 943
Other materials	68 982	62 242	82 513	81 503	136 563	136 563	140 908	141 786	154 263
Contracted services	–	–	–	–	32 395	32 395	34 363	36 276	38 153
Transfers and grants	2 623	19 564	58 194	55 050	57 030	57 030	61 510	64 524	67 792
Other expenditure	241 490	248 674	251 712	277 780	198 193	198 193	206 503	219 072	231 672
Loss on disposal of PPE	1 030	–	7 653	–	–	–	–	–	–
Total Expenditure	1 295 311	1 402 082	1 507 379	1 738 343	1 753 816	1 753 816	1 891 344	2 007 878	2 140 865

The table 18 below reflects the percentage weighting per expenditure by type.

Description	Ref	2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework					
R thousand	1	Audited Outcome	% WEIGHTING 2014/15	Original Budget	Adjusted Budget	% WEIGHTING 2015/16	Budget Year 2016/17	% WEIGHTING 2016/17	Budget Year +1 2017/18	% WEIGHTING 2017/18	Budget Year +2 2018/19	% WEIGHTING 2018/19
Expenditure By Type												
Employee related costs	2	463 301	31%	597 254	601 580	34%	644 340	34%	682 524	34%	719 462	34%
Remuneration of councillors		19 841	1%	21 365	21 365	1%	23 312	1%	24 828	1%	26 317	1%
Debt impairment	3	143 165	9%	161 000	161 000	9%	190 500	10%	202 655	10%	218 021	10%
Depreciation & asset impairment	2	46 081	3%	53 600	53 600	3%	55 650	3%	60 967	3%	65 480	3%
Finance charges		30 458	2%	29 790	29 690	2%	27 757	1%	26 776	1%	25 762	1%
Bulk purchases	2	404 461	27%	461 000	462 400	26%	506 500	27%	548 470	27%	593 943	28%
Other materials	8	82 513	5%	81 503	136 563	8%	140 908	7%	141 786	7%	154 263	7%
Contracted services		–	0%	–	32 395	2%	34 363	2%	36 276	2%	38 153	2%
Transfers and grants		58 194	4%	55 050	57 030	3%	61 510	3%	64 524	3%	67 792	3%
Other expenditure	4, 5	251 712	17%	277 780	198 193	11%	206 503	11%	219 072		231 672	11%
Loss on disposal of PPE		7 653	1%	–	–							
Total Expenditure		1 507 379		1 738 343	1 753 816		1 891 344		2 007 878		2 140 865	

Staff costs for the 2016/17 financial year amounts to R644, 340 million and is an equivalent of 34% of the total operating expenditure. Based on the three year collective SALGBC agreement, which expires on 30 June 2018, salary increases that have been factored into this budget is 7 percent based on CPIX estimates. Inflation-linked increases are estimated for the outer years of the municipality's MTREF, as per the collective agreement. A provision has been made for Task Implementation.

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). For the purpose of compiling this budget,

an inflation based increase has been used to estimate total cost to the municipality for all Councillors. Section 79 committee chairpersons shall remain part time include the Whip of Council.

Budget appropriations for depreciation and asset impairment total R55, 650 million for the 2016/17 financial year. The increase in the outer years is mainly due to the projected 85% capital budget expenditure on qualifying assets. In addition, multi-year projects, which were previously capitalised in final year of the budget is now capitalised when the asset is commissioned. Moveable assets are depreciated in the same year based on full budget spending and a detail assessment of each project is now performed to evaluate asset life span before calculation for the actual budget.

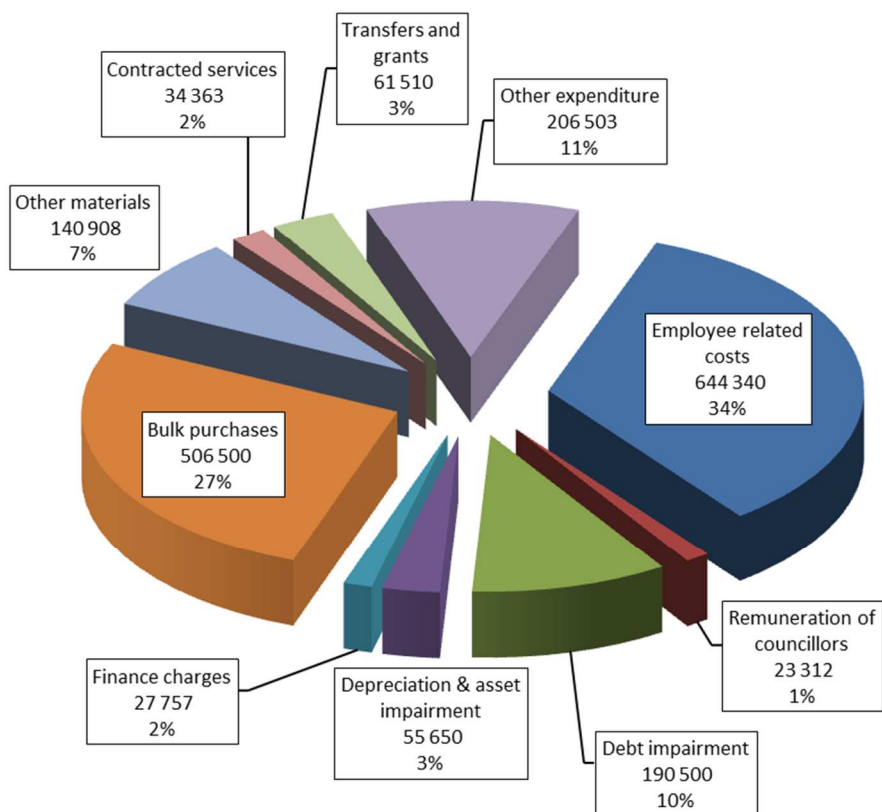
Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges are estimated at R27, 757 million of 2016/17 and represent almost 1.8% of the operating expenditure, and it includes redemption costs.

Budgetary provision for bulk purchases are largely informed by the purchase of electricity and water from the suppliers, i.e. Eskom and DWA. In this regard, annual price increases have been factored into the budget appropriations, which in turn impacts on tariff requirements for these tariff-based services.

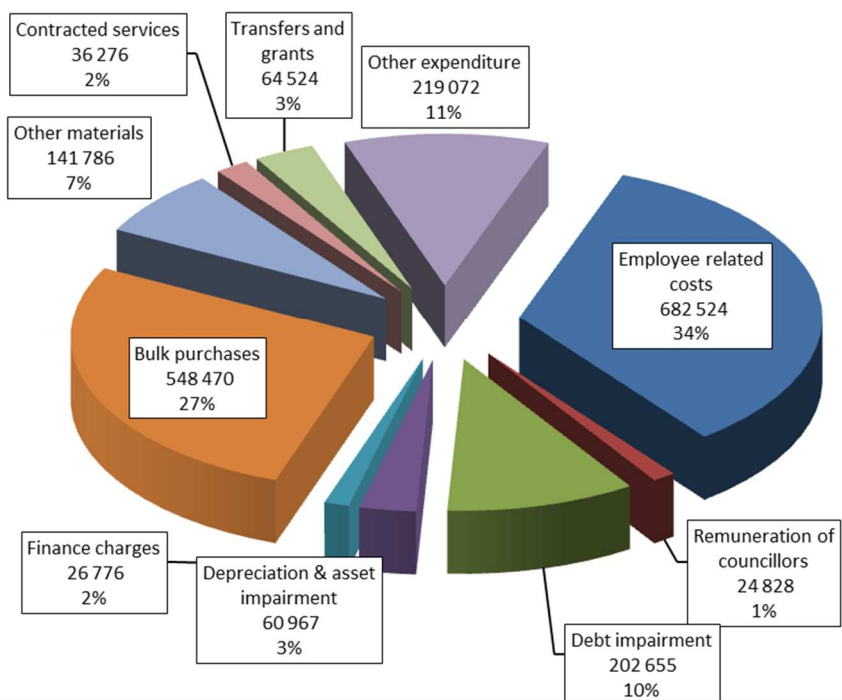
Other materials provisions cater for sundry items such as the purchase of materials for maintenance as well as the hiring of machinery and equipment and labour costs. The annual budget of other materials for 2016/17 is R140, 908 million, for 2017/18, the budget allocated is R141, 786 million and R154, 263 million for 2018/19.

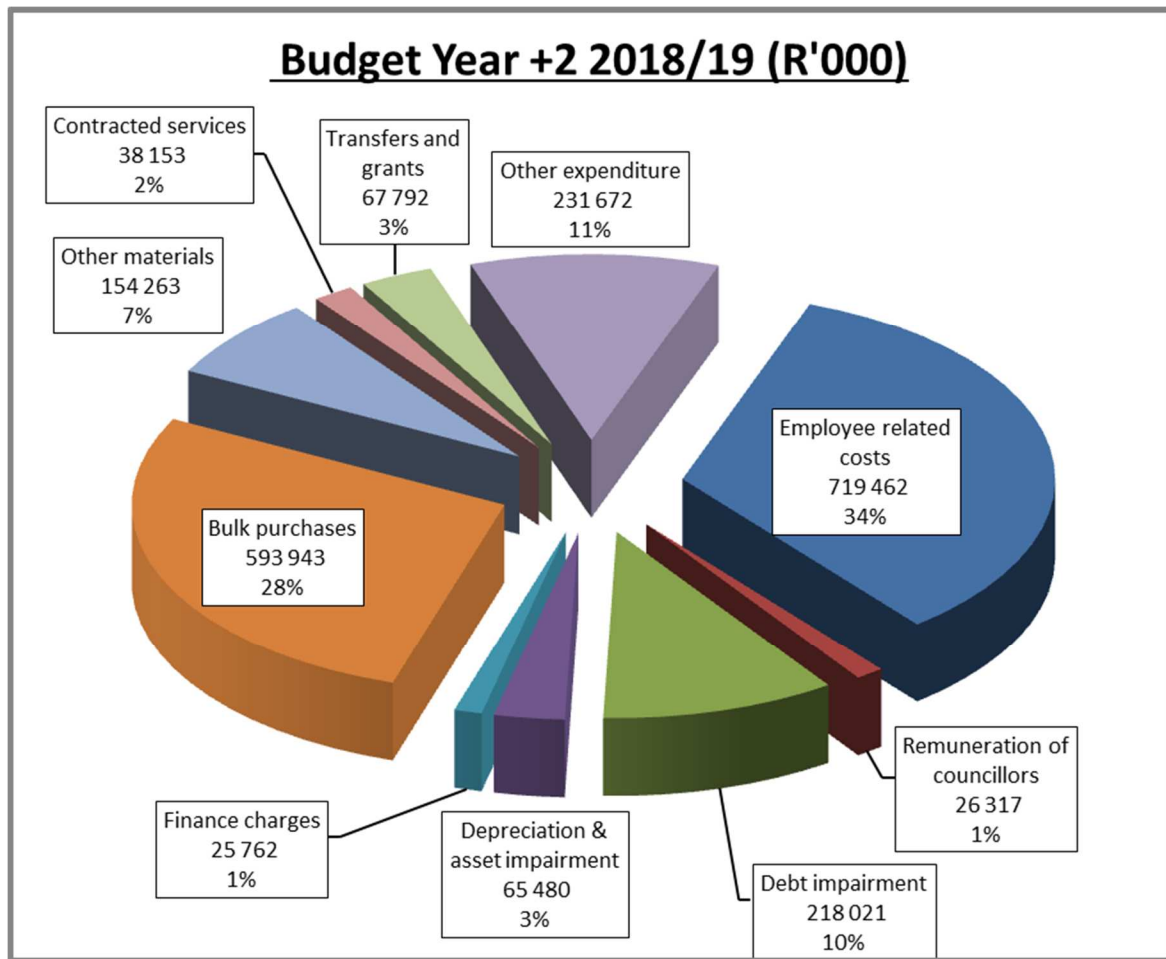
The following graph gives a breakdown of the main expenditure categories for 2016/17 to 2018/19.

Budget Year 2016/17 (R'000)



Budget Year +1 2017/18 (R'000)





3.7.1 Priority given to Repairs and Maintenance

The municipality acknowledges its obligation to optimally preserve its extended asset base and recognises current inherent backlogs in this regard. There have been significant improvements in the approach for the budgeting of repairs and maintenance in recent financial years. The 2016/17 appropriations again are aiming for an above CPI level on year on year increases to this cost component.

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver, but an outcome of other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance. Operational repairs and maintenance (by service) as depicted in table 19 below

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
R thousand	1										
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	2	54 869	52 922	73 348	74 431	92 516	92 516	105 339	105 145	116 517	
Infrastructure - Road transport		18 197	13 325	21 709	14 071	14 617	14 617	12 077	12 912	13 741	
Roads, Pavements & Bridges		18 197	13 325	21 709	14 071	14 617	14 617	12 077	12 912	13 741	
Storm water											
Infrastructure - Electricity		21 672	19 173	21 658	23 861	24 238	24 238	25 300	27 029	28 783	
Generation											
Transmission & Reticulation		14 126	13 695	15 849	17 661	18 038	18 038	18 300	19 399	20 466	
Street Lighting		7 546	5 478	5 810	6 200	6 200	6 200	7 000	7 630	8 317	
Infrastructure - Water		15 000	12 357	22 797	25 157	25 917	25 917	21 105	22 373	23 607	
Dams & Reservoirs		15 000	12 357	22 797	25 157						
Water purification						3 490	3 490				
Reticulation						22 427	22 427	21 105	22 373	23 607	
Infrastructure - Sanitation		–	7 387	6 247	6 542	11 094	11 094	6 500	6 890	7 269	
Reticulation			7 387	6 247	6 542	11 094	11 094	6 500	6 890	7 269	
Sewerage purification											
Infrastructure - Other		–	680	937	4 800	16 650	16 650	40 357	35 940	43 117	
Waste Management			680	937	4 800	14 650	14 650	16 460	17 408	18 366	
Transportation											
Other							2 000	2 000	23 897	18 532	24 752
Community		3	11 716	7 762	5 790	5 648	7 351	7 351	7 917	8 326	8 774
Parks & gardens		7	211	1 009	392	861	1 061	1 061	1 450	1 522	1 606
Sportsfields & stadia						440	440	440	584	613	647
Swimming pools							110	110	138	146	154
Community halls			412	1 098	226	36	119	119	96	102	107
Libraries			129	152	12	38	187	187	85	91	96
Recreational facilities	4 125		1 373	1 795	1 416	2 297	2 297	1 298	1 376	1 452	
Fire, safety & emergency						1 032	1 032	1 644	1 735	1 822	
Security and policing						1 239	1 239				
Buses											
Clinics	293		247	122	70	70	70	599	600	632	
Museums & Art Galleries											
Cemeteries						353	353	408	433	457	
Social rental housing											
Other	8		6 546	3 884	3 244	2 788	444	444	1 614	1 709	1 803
Other assets	10		2 397	1 558	3 376	1 424	36 696	36 696	27 652	28 316	28 972
General vehicles								1 219	1 289	1 357	
Specialised vehicles		–	–	–	–	–	–	–	–	–	
Plant & equipment											
Computers - hardware/equipment											
Furniture and other office equipment		1 357	1 129	1 126	226	226	226	1 228	1 300	1 369	
Abattoirs											
Markets			308	380							
Civic Land and Buildings											
Other Buildings						110	110	4 425	4 692	4 953	
Other Land		513	77	1 133	10	210	210				
Surplus Assets - (Investment or Inventory)											
Other		527	44	736	1 078	36 150	36 150	20 781	21 034	21 294	
Total Repairs and Maintenance Expenditure		1	68 982	62 242	82 513	81 503	136 563	136 563	140 908	141 786	154 263
R&M as a % of PPE											
R&M as % Operating Expenditure											
		6.4%	5.0%	6.0%	5.5%	9.2%	9.2%	8.9%	8.6%	9.0%	
		5.3%	4.4%	5.5%	4.7%	7.8%	7.8%	7.5%	7.1%	7.2%	

3.7.2 Bulk Costs

The municipality holds a license as a Water Resource Management Authority. Bulk water is purchased from Department of Water Affairs and is currently drawn from the Vaal River for Kimberley and Orange River for Ritchie/Motswedimosa.

It is estimated that the prices per cubic meter of raw water shall increase by 6.5% and purification costs are budgeted for separately under general expenses (m-SCOA inventories).

The municipality also holds a license as an Electricity Distributor issued by NERSA. Bulk electricity is purchased from Eskom. In terms of NERSA's tariff increases, the bulk costs shall increase by 9,4%. This increase is effective from 1 April 2016. It is expected that NERSA will publish in due course increases in bulk costs for municipalities as electricity distributors, and such increases will only be effective from 1 July 2016, the start of the financial year.

Indicated in the table below is the year-on-year increase / decreases in bulk purchases. The increase on Electricity Bulk Purchases increases year-on-year by an average of 7.5%. Water Bulk Purchases increases by 10% year-on-year for the outer two years.

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
Bulk purchases											
Electricity Bulk Purchases		302 662	314 781	338 262	395 000	395 000	395 000	395 000	434 000	468 720	506 218
Water Bulk Purchases		44 414	66 224	66 198	66 000	67 400	67 400	67 400	72 500	79 750	87 725
Total bulk purchases	1	347 076	381 005	404 461	461 000	462 400	462 400	462 400	506 500	548 470	593 943

3.7.3 Free Basic Services: Basic Social Services Package

The municipality provides free basic services to the qualifying household as per the Indigent Policy of the municipality. The qualification criteria is set on three pillars, being total household income not exceeding R3 750 per month, proof of occupancy on the property and user of user of municipal services as well as ownership or account holder details or holding an appointment as an Executor of Estate or being issued with the letter of authority from the High Court.

With the introduction of FLISP, it is important to align the municipality's quantification criteria with that of COGHSTA for low cost house beneficiary qualification. It is for this reason that the total household income remain at R3, 750.00 compared to R3, 000.00. The FLISP qualifying criteria, on the other hand is R3 501 – R14 999.99.

The municipality remains contact with the provision of free basic water, sanitation, refuse removal and free basic electricity.

The total cost of free basic services is estimated at R46, 063 million for 2016/17, R48, 941 million for 2018/19, and estimated cost of R51, 952 million has been budgeted for. This is to cover the costs of providing free basic services at a fully subsidised rate by the municipality.

With the current growth trends in th informal housing development, exacerbated by illegal occupation of land, the indigent register is projected to grow exponentially during the 2016/17 MTREF.

The municipality has a section in its structure that deals with Indigent Policy implementation, registration and verification of indigents, accounts monitoring and indigent register maintenance.

Table A10 and Table SA9 provides the details on provision of free basic services

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets	1									
Water:										
Piped water inside dwelling		52 832	52 910	53 802	58 107	58 107	58 107	58 107	58 107	58 107
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)		-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		52 832	52 910	53 802	58 107	58 107	58 107	58 107	58 107	58 107
Using public tap (< min.service level)		-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)		-	-	-	-	-	-	-	-	-
No water supply		7 465	7 387	6 495	4 797	4 797	4 797	4 797	4 797	4 797
<i>Below Minimum Service Level sub-total</i>		7 465	7 387	6 495	4 797	4 797	4 797	4 797	4 797	4 797
Total number of households	5	60 297	60 297	60 297	62 904	62 904	62 904	62 904	62 904	62 904
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		51 741	53 097	53 989	58 005	58 005	58 005	58 005	58 005	58 005
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		51 741	53 097	53 989	58 005	58 005	58 005	58 005	58 005	58 005
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		8 556	7 200	6 308	4 899	4 899	4 899	4 899	4 899	4 899
<i>Below Minimum Service Level sub-total</i>		8 556	7 200	6 308	4 899	4 899	4 899	4 899	4 899	4 899
Total number of households	5	60 297	60 297	60 297	62 904	62 904	62 904	62 904	62 904	62 904
Energy:										
Electricity (at least min.service level)		12 742	12 727	12 941	9 517	9 517	9 517	9 517	9 517	9 517
Electricity - prepaid (min.service level)		38 948	40 663	40 663	47 255	47 255	47 255	47 255	47 255	47 255
<i>Minimum Service Level and Above sub-total</i>		51 690	53 390	53 604	56 772	56 772	56 772	56 772	56 772	56 772
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		8 607	6 907	6 693	6 132	6 132	6 132	6 132	6 132	6 132
<i>Below Minimum Service Level sub-total</i>		8 607	6 907	6 693	6 132	6 132	6 132	6 132	6 132	6 132
Total number of households	5	60 297	60 297	60 297	62 904	62 904	62 904	62 904	62 904	62 904
Refuse:										
Removed at least once a week		50 807	51 407	52 007	56 614	56 614	56 614	56 614	56 614	56 614
<i>Minimum Service Level and Above sub-total</i>		50 807	51 407	52 007	56 614	56 614	56 614	56 614	56 614	56 614
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		9 490	8 890	8 290	6 290	6 290	6 290	6 290	6 290	6 290
<i>Below Minimum Service Level sub-total</i>		9 490	8 890	8 290	6 290	6 290	6 290	6 290	6 290	6 290
Total number of households	5	60 297	60 297	60 297	62 904	62 904	62 904	62 904	62 904	62 904
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		14 379	17 034	41 187	39 787	39 787	39 787	46 063	48 941	51 952
Total cost of FBS provided		14 379	17 034	41 187	39 787	39 787	39 787	46 063	48 941	51 952
Highest level of free service provided per household										
Property rates (R value threshold)		15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		110	117	124	132	132	132	138	146	154
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		21	21	21	21	21	21	21	21	21
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided		-	-	-	-	-	-	-	-	-

Free basic water of 6kl per month per household at R5.27c per kl

Free basic sanitation per month per household R137.60c

Free basic electricity 50KWh per month per household R1.44 (c/Kwh)

Free basic refuse removal per month per household R98.18c

The municipality targets to support 14,000 indigent households per annum for the next 3 years. It should be noted that the installation of prepaid electricity meters for indigent households and the consumption on stand pipes are included in the provision for grants and

subsidies. The purpose of the metering of standpipes is also to reduce water losses as these were never previously metered. It should also be noted that VAT is excluded from the calculation on the social package, whereas in the previous budget cycle it was erroneously included at R46 million.

3.8 CAPITAL EXPENDITURE FRAMEWORK

The capital expenditure framework is based on the key performance areas of the municipality as well as service delivery priorities as identified and agreed upon by Council with the public, and this is summarised in the 5-year plan, the IDP.

The IDP is reviewed annually to ensure that the budget is informed by the key parties as identified. Once the IDP review is complete, SDBIP is submitted to the Executive Mayor, ultimately performance agreements are entered into between the Mm and Mayor and MM with CFO and executive senior managers.

Infrastructure development and provision of access to basic services remains priority in the 2016/17 MTREF. However, due to the reduction in grants gazetted such as MIG and INEP, the current access to services backlog will even take longer to eradicate as the municipality shall not have the financial capacity to fund the projects. There is an apparent increase in demand for houses which leads to people invading vacant pieces of lands and later demand basic municipal services such as water, sanitation and electricity.

Whereas the key objective of the municipality is **Infrastructure led growth path** in the local economy to ensure sustainable development, the following have been identified as priority spending areas in the capital expenditure budget for 2016/17 and the two outer years up to 2018/19

- Completion of bulk projects (HWWTW)
- Roads rehabilitation – internal roads within communities
- Towards a Green Economy (Green electricity, Green procurement)
- Clean and Green City
- Embark on a Growth and Development Strategy with a 30-year planning horizon
- Inner City Revival linked to new University
- Ward/Precinct Plans
- Disaster management issues (Roads and storm water)
- Basic housing (Township establishment)
- Spatial development and land use for security of land tenure and revenue enhancement

In the contrary, the growth in demand service is not mainly by paying residents including businesses, but by the indigent households.

The following tables 23 and 24 are the projects for implementation in the 2016/17 and the two outer years 2017/18 to 2018/19 by municipal vote:

NC091 Sol Plaatje - Supporting Table SA36 Detailed capital budget		2016/17 Medium Term Revenue & Expenditure Framework		
Municipal Vote/Capital project	Program/Project description	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand				
Parent municipality:				
Total expenditure previous year				
Loose Equipment	Loose Equipment	3 000	3 000	3 000
Information Technology	Replacement of Hardware	5 000	2 000	2 000
NDPG	Upgrading of Indian Centre Local Taxi Rank		3 000	
NDPG	Neighbourhood Development Partnership Grant (technical assistance)	400	600	1 000
NDPG	Development of intermodal transport at craven taxi rank and stalls	7 500	7 858	37 420
NDPG	Development of City Hall precinct		10 000	
Strategy, Economic Development and Planning	Phomolong Services of Sites Erven		2 000	2 000
Fire, Security	Homevale Satellite Fire Station	8 694	966	
Waste Management	Upgrade Landfill Site	17 530	5 255	
Electricity	Security of plants and infrastructure	3 000		
Integrated National Electricity Program	General Electrification of houses	7 400	7 989	2 354
Electricity	Replacement of Prepaid Meters	2 500	2 500	2 500
Infrastructure - Other -Transport	Fleet Replacement Program	4 000	4 000	4 000
Water	Ritchie Bulk Supply	15 000	20 000	43 391
Water	Lerato Park Water	1 000	14 824	
Water	Homevale WWT Lab Equipment	4 800		
Water	Replacement of Water Meters	2 500	3 000	3 000
Water	Riverton High Lift Pumps	13 230	-	-
Water	Riverton Pump Station	10 000	12 000	
Sanitation	Upgrade of Lerato Park Sewer Line	1 000	11 821	
Roads and Stormwater	Resealing of Roads		10 436	17 100
Roads and Stormwater	Roads and Stormwater Projek 1	7 112	8 354	
Roads and Stormwater	Roads and Stormwater Projek 2	4 506	7 706	
TOTAL		118 172	137 309	117 765

LIST OF TOP FIVE PROJECTS BY FUNDS FOR 2016/17

Project Name	Budgeted Amount	Projects Funded by
Upgrade Landfill Site	R15 529 813	MIG
Water Reticulation – Ritchie	R15 000 000	RBIG
Riverton High Lift Pumps	R13 229 660	MIG/CRR
New Pump Station Building - Riverton	R10 000 000	CRR
Homevale Satellite Fire Station	R8 694 003	MIG

3.9 Operating Revenue Framework

The table 3 below presents the revenue by source as projected for the 2016/17 MTREF:

Description	2012/13	2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework						
R thousands	Audited Outcome	Audited Outcome	YEAR ON YEAR GROWTH	Audited Outcome	YEAR ON YEAR GROWTH	Adjusted Budget	Full Year Forecast	YEAR ON YEAR GROWTH	Budget Year 2016/17	YEAR ON YEAR GROWTH	Budget Year +1 2017/18	YEAR ON YEAR GROWTH	Budget Year +2 2018/19	YEAR ON YEAR GROWTH	
Financial Performance															
Property rates	331 348	368 225	11%	398 921	8%	443 808	443 808	11%	486 708	10%	518 468	7%	552 991	7%	
Service charges	838 429	837 243	0%	888 148	6%	1 012 666	1 012 666	14%	1 087 887	7%	1 162 475	7%	1 242 345	7%	
Investment revenue	15 240	21 413	41%	21 165	-1%	19 000	19 000	-10%	19 000	0%	21 000	11%	23 000	10%	
Transfers recognised - operational	166 865	166 601	0%	168 281	1%	170 638	170 638	1%	165 897	-3%	164 030	-1%	177 571	8%	
Other own revenue	94 040	130 890	39%	143 818	10%	148 509	148 509	3%	140 059	-6%	150 150	7%	154 217	3%	
Total Revenue (excluding capital transfers and contributions)	1 445 923	1 524 372	5%	1 620 332	6%	1 794 620	1 794 620	11%	1 899 552	6%	2 016 124	6%	2 150 125	7%	

The table above can be summarised as follows:

- That revenue from property rates shall increase by between 10% and 7% year on year;
- That revenue from service charges of electricity shall increase by an average of 7% over the MTREF

The year on year revenue growth of 6% is maintained throughout the MTREF with slightly higher increases in the outer years, due to higher tariffs meant to cover projected inflation and service delivery costs.

3.6 Expenditure by type

Description	2012/13	2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework						
R thousand	Audited Outcome	Audited Outcome	% Growth	Audited Outcome	% Growth	Original Budget	Adjusted Budget	% Growth	Budget Year 2016/17	% Growth Original 2015/16	% Growth Adjusted 2015/16	Budget Year +1 2017/18	% Growth	Budget Year +2 2018/19	% Growth
Expenditure By Type															
Employee related costs	438 406	474 749	8.3%	463 301	-2.4%	597 254	601 580	0.7%	644 340	7.9%	7.1%	682 524	5.9%	719 462	5.4%
Remuneration of councillors	17 243	18 459	7.1%	19 841	7.5%	21 365	21 365	0.0%	23 312	9.1%	9.1%	24 828	6.5%	26 317	6.0%
Debt impairment	110 819	126 810	14.4%	143 165	12.9%	161 000	161 000	0.0%	190 500	18.3%	18.3%	202 655	6.4%	218 021	7.6%
Depreciation & asset impairment	42 949	42 522	-1.0%	46 081	8.4%	53 600	53 600	0.0%	55 650	3.8%	3.8%	60 967	9.6%	65 480	7.4%
Finance charges	24 694	28 056	13.6%	30 458	8.6%	29 790	29 690	-0.3%	27 757	-6.8%	-6.5%	26 776	-3.5%	25 762	-3.8%
Bulk purchases	347 076	381 005	9.8%	404 461	6.2%	461 000	462 400	0.3%	506 500	9.9%	9.5%	548 470	8.3%	593 943	8.3%
Other materials	68 982	62 242	-9.8%	82 513	32.6%	81 503	136 563	67.6%	140 908	72.9%	3.2%	141 786	0.6%	154 263	8.8%
Contracted services	-	-		-		-	32 395		34 363			36 276		38 153	
Transfers and grants	2 623	19 564	646.0%	58 194	197.4%	55 050	57 030	3.6%	61 510	11.7%	7.9%	64 524	4.9%	67 792	5.1%
Other expenditure	241 490	248 674	3.0%	251 712	1.2%	277 780	198 193	-28.7%	206 503	-25.7%	4.2%	219 072	6.1%	231 672	5.8%
Loss on disposal of PPE	1 030	-		7 653		-	-		-			-		-	
Total Expenditure	1 295 311	1 402 082	8.2%	1 507 379	7.5%	1 738 343	1 753 816	0.9%	1 891 344	8.8%	7.8%	2 007 878	6.2%	2 140 865	6.6%

Table 2 above can be explained as follows:

- That employee costs shall grow by 7% from 2015/16 to 2016/17 to 2015/16 whilst remuneration of Councillors is growing by 9% for the same period, due to additional councillors anticipated as a result of the latest demarcation outcomes.
- That debt impairment shall grow by 4% year on year from 2015/16 to 2016/17
- Finance charges are reducing by 7% for the same period as above in 2016/17, and 4% in 2017/18 and for 2018/19.
- Bulk purchases of water and electricity increases by 8.% for the period as indicated herein
- Whilst other materials indicates a 10.2% decrease year on year from 2014/14 to 2014/15, this is attributable to the decrease in credit for work done and deficit costing account.
- An increase of 8% on grants and subsidies made is projected for the same period of 2015/16 to 2016/17,
- Other expenditure had decreased by 3% from 2014/15, and had since normalised with annual increases of 10%, 8% and 7% over the MTREF.
- The overall operating expenditure budget increases by 6.16% year on year from 2015/16 to 2016/17 based on the adjustment budget and 8% based on the original budget, and a further 7% growth from 2018/19

For the period 2012/13 to 2018/19, the operating expenditure budget reflects a 28% growth.

It is part of financial management strategy for stronger cash flow position and financial sustainability to manage and control expenditure to ensure that there is a balance between the growth rate of revenue and expenditure. Sol Plaatje Municipality funds its operations mainly from revenue generated from service charges and property rates and taxes of which the increase directly impacts on affordability and sustainability of municipal services.

Councillor allowances increases are the function of the Minister of the Department Corporative Governance and only an estimate is projected based on inflation and other assumptions as will be alluded to herein.

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Municipal Vote	2										
Multi-year expenditure appropriation											
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL AND GENERAL		-	-	-	-	-	-	-	-	-	-
2.1 - MUNICIPAL AND GENERAL											
Vote 3 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
3.1 - MUNICIPAL MANAGER											
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
4.1 - CORPORATE SERVICES											
Vote 5 - COMMUNITY SERVICES		-	-	18 770	-	-	-	-	8 694	966	-
5.1 - COMMUNITY SERVICES				18 770		-	-		8 694	966	
Vote 6 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
6.1 - FINANCIAL SERVICES											
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING		-	-	-	-	-	-	-	7 900	23 458	40 420
7.1 - STRATEGY ECON DEVELOPMENT AND PLANNING									7 900	23 458	40 420
Vote 8 - INFRASTRUCTURE AND SERVICES		130 795	9 409	9 409	45 053	78 523	78 523	58 967	89 578	103 885	68 345
8.1 - INFRASTRUCTURE AND SERVICES		130 795	9 409	9 409	45 053	58 967	58 967	58 967	89 578	103 885	68 345
Capital multi-year expenditure sub-total		130 795	9 409	28 179	45 053	78 523	78 523	58 967	106 172	128 309	108 765
Capital expenditure - Municipal Vote	2										
Single-year expenditure appropriation											
Vote 1 - EXECUTIVE AND COUNCIL		3 324	1 333	3 575	3 000	3 000	3 000	3 000	3 000	3 000	3 000
		3 324	1 333	3 575	3 000	3 000	3 000	3 000	3 000	3 000	3 000
Vote 2 - MUNICIPAL AND GENERAL		-	1 030	127	-	-	-	-	-	-	-
2.1 - MUNICIPAL AND GENERAL			1 030	127							
Vote 3 - MUNICIPAL MANAGER		-	55	44	-	-	-	-	-	-	-
3.1 - MUNICIPAL MANAGER			55	44							
Vote 4 - CORPORATE SERVICES		-	285	284	-	-	-	-	-	-	-
4.1 - CORPORATE SERVICES			285	284							
Vote 5 - COMMUNITY SERVICES		35 349	6 727	-	15 096	14 082	14 082	14 082	-	-	-
5.1 - COMMUNITY SERVICES		35 349	6 727		15 096	14 082	14 082	14 082			
Vote 6 - FINANCIAL SERVICES		1 923	3 192	3 242	4 500	4 500	4 500	4 500	5 000	2 000	2 000
6.1 - FINANCIAL SERVICES		1 923	3 192	3 242	4 500	4 500	4 500	4 500	5 000	2 000	2 000
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING		2 178	5 292	113	9 100	20 944	20 944	20 944	-	-	-
7.1 - STRATEGY ECON DEVELOPMENT AND PLANNING		2 178	5 292	113	9 100	20 944	20 944	20 944			
Vote 8 - INFRASTRUCTURE AND SERVICES		5 718	211 086	162 343	34 960	79 968	79 968	79 968	4 000	4 000	4 000
8.1 - INFRASTRUCTURE AND SERVICES		5 718	211 086	162 343	34 960	79 968	79 968	79 968	4 000	4 000	4 000
Capital single-year expenditure sub-total		48 493	229 000	169 728	66 656	122 494	122 494	122 494	12 000	9 000	9 000
Total Capital Expenditure		179 288	238 409	197 907	111 709	201 017	201 017	181 461	118 172	137 309	117 765

4. Annual budget tables

Table A1: Adjustments Budget Summary

Table A2: Adjustments Budget Financial Performance (standard classification)

Table A3: Adjustments Budget Financial Performance (revenue and expenditure by municipal vote)

Table A4: Adjustments Budget Financial Performance (revenue and expenditure)

Table A5: Adjustments Capital Expenditure Budget by vote and funding

Table A6: Adjustments Budget Financial Position

Table A7: Adjustments Budget Cash Flows

Table A8: Cash backed reserves/accumulated surplus reconciliation

Table A9: Asset Management

Table A10: Basic service delivery measurement

Please refer to Section 1: Budget Schedules and supporting tables

PART 2 – SUPPORTING DOCUMENTATION

5. Overview of Annual Budget Process

Section 24 of the MFMA requires the municipal council to, at least 30 days before the start of the financial year; consider the annual budget for approval. Whilst section 53 requires the Mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations as issued in terms of Gazette No. 32141 dated 17th April 2009, states that the Mayor of a municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the Responsibilities as set out in section 53 of the Act:

- (1) The mayor of a municipality must establish a budget steering committee (BSC) to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the Act.*
- (2) The ⁶Steering committee must consist of at least the following persons:*
 - a) the councillor responsible for financial matters;*
 - b) the municipal manager;*
 - c) the chief financial officer;*
 - d) the senior managers responsible for at least the three largest votes in the municipality;*
 - e) the manager responsible for budgeting;*
 - f) the manager responsible for planning; and*
 - g) any technical experts on infrastructure*

The 2015/16 financial year signifies the 4th year of the current 5-year IDP cycle. Re-allocation of resources was considered in terms of the IDP review, budget realities and sundry strategic considerations. The principles applied to the MTREF and presented to the BSC informed a number of financial scenarios over the short, medium term and long term. These scenarios are based on revenue and expenditure parameters applied to current financial plans and are utilised to calculate the affordability and sustainability of the City's budget over the medium to long term.

⁶ Minutes of BSC available

5.1 Budget process overview

Section 21 of the MFMA requires the Mayor to table a time schedule that sets out the process to draft the IDP and prepare the budget, 10 months before the start of the new financial year. At the postponed Mayoral Committee meeting held on 25 July 2013 it was referred back to MM for interaction with EMT and the Executive Mayor. At the special Mayoral Committee meeting of 5 August 2013, it was recommended by the Executive Mayor for approval by Council. In compliance with this requirement, the IDP- and budget cycle time schedule (process plan) was tabled to Council on the 1 October 2013.

In compliance to the above requirements, the budget process for the 2015/16 MTREF period proceeded according to the following timeline:

August 2015

Submission of IDP/Budget timetable to Council for approval; Outline of budget process to EMT; Strategic session with EMT / MAYCO / BSC re budget strategy, process and guidance.

September 2015

Mayoral oversight in terms of Section 52 of the MFMA – Mayor provided strategic focus areas and guidance for the budget preparation process in terms of the Integrated Development Plan.

October 2015

Directorates-based consultative sessions with the IDP and Finance Departments; Executive Directors attended EMT and Council meetings

Budget Steering Committee meetings

Budget Integration Cluster Meetings

November / December 2015

Service department's workshop on their 2015/16 budget proposals

BSC meeting

Capital investment plans for 3-year MTREF period and budgeting per strategic alignment to the draft IDP.

January / February 2016

Drafting of the detailed Operating and Capital Budgets.

Tabling of the Mid-year Budget and performance assessment

Tabling of the Adjustment Budget

March 2016

EMT

BSC

Mayoral Committee

Informal Council meeting

Tabling of the Annual Budget

April 2016

The budget, IDP and tariff proposals shall be published for comment and consultation as part of the public participation process. Comments received as a result of the public participation process to be submitted to MAYCO for consideration.

May 2016

The 2016/17 MTREF budget, as amended, is scheduled for adoption by Council.

5.2 Overview of the alignment of annual budget with IDP

The municipality's Integrated Development Plan (IDP) is its principal strategic planning instrument, which guides and informs its on-going planning, management and development actions. The IDP represents the city administration's commitment to exercise its executive authority (except in cases where it is in conflict with national or provincial legislation, in which case such legislation prevails), and is effectively the local government's blueprint by which it strives to realise its vision for Sol Plaatje Municipality in the short, medium and long term.

However, while the IDP represents the strategic intent of the municipality, it is also compiled with the understanding that a number of challenges will need to be overcome in order to achieve the strategic objectives it sets out. Some of these challenges are known, while others are as yet unknown and may arise at any time due to any number of national and international economic, political or social events.

The 5-Year term of office IDP (2012/13-2016/17) for the municipality was developed in line with the Term of Office IDP Process Plan (2011/12 -2015/16), approved by Council and the 2012/13 IDP and Budget Time-Schedule of Events approved by the Executive Mayor and noted by Council.

The 2012/13 Time Schedule applicable to the IDP (2012/13-2016/17) review for the City included the following key IDP processes and deliverables:

- Advertisement of time-schedule on website, local newspapers and notice boards;
- Engagement with communities/Ward and Sector organisations to participate in the prioritisation of Council initiatives at Ward level;
- Submission of summary of engagement inputs and responses to public inputs by line departments Councils
- Table draft Annual Report to MAYCO;
- Table draft IDP and Budget Report to MAYCO and Council;
- Publication of 2012/13 oversight report;
- Conduct IDP/ Municipal Scorecard (SDBIP)/Budget Public Hearings to obtain public comment from communities, provincial government and other relevant stakeholders on the draft IDP;
- Final approval of the IDP/SDBIP and Budget document by Council resolution,
- setting taxes and tariffs, approving changes to the IDP and budget related policies, approval of measurable performance objectives for revenue by source and expenditure by vote before the start of the financial year;
- Notification of approved 2014/15-2016/17 reviewed IDP and Budget to public;
- Response to public comment in respect of Budget, tariffs and policies;
- Approval of performance agreements of the Municipal Manager and Section 57 Managers by Executive Mayor within 28 days after the approval of the IDP and Budget. Submission to the MEC of Local Government and publication within 14 days after approval; and
- Notification of approved 2014/2015 top management performance agreement (S57 employees) to the public.

5.3 Community Consultation

In accordance with the MFMA, Municipal Systems Act (32 of 2000) and the Municipal Property Rates Act (6 of 2004), the tabled 2016/17 MTREF and associated documentation will be published for consultation after it is tabled in Council on 30th of March 2016. As depicted in the table below is the proposed public participation programme for 2016/17.

Interested parties, local community and stakeholders are invited and urged to submit representations, comments and inputs regarding the draft IDP and draft Budget 2016/17 – 2018/19 on or before 12th April 2016.

Written submissions must be handed in at the Civic Centre (Budget Office), faxed to 053 8331 005 / 053 8314 658 or e-mailed to zmahloko@solplaatje.org.za (CFO), chenderson@solplaatje.org.za, cjenneke@solplaatje.org.za, banthony@solplaatje.org.za, Imarais@solplaatje.org.za, jwagner@solplaatje.org.za

Date	Forum / Ward	Venue	Time
04.04.2016	IDP/ Budget Business Forum	City Hall	10.00
Open Ward Meetings			
04.04.2016	Galeshewe: Including all areas within the boundaries of Galeshewe	Social Centre	17h00
05.04.2016	Roodepan – including Colville, Floors, Homevale, Homelite , Homestead and all surrounding areas	Roodepan Multi-Purpose Hall	17h00
06.04.2016	Kimberley, CBD and all other areas close to the Central Business District including Beaconsfield and Greenpoint.	City Hall	17h00
07.04.2016	Platfontein, Ritchie, Riverton and Langleg	Platfontein Combine School, Motswedimosa Hall,	17h00
			17h00
		Riverton Hall	17h00

The municipality's priority objectives are set out in its Integrated Development Plan (IDP) which provides the strategic framework that guides the city's planning and budgeting over the course of the five year political term. Five pillars have been identified to focus delivery and translate the electoral mandate into the organisational structures of the municipality.

The 5 key performance areas of the municipality are:

KPA 1: Provide an enabling environment for Local Economic Development in SPM within the context of National and Provincial Frameworks

KPA 2: Infrastructure Development and Sustainable Service Delivery

KPA 3: Municipal Financial Viability and Management

KPA 4: Municipal Institutional Development and Transformation

KPA 5: Good Governance and Public Participation

5.4 The intergovernmental development agenda for Sol Plaatje Local Municipality

The municipality engages with the Province and National Government in a structured and functional manner. At a political level, formal engagements between the Provincial Cabinet and the City's Mayoral Committee take place quarterly through MUNMEC and IGR.

Internally, administration interacts with various committees of Councils and through the Mayoral Committee. These interactions are aimed at ensuring maximum benefit for the municipality through better planning, coordination and accountability among all spheres of government; enhancing the municipality's strategic objectives of infrastructure investment for economic growth, service delivery and institutional efficiency and achieving better and more efficient resource utilisation.

In short, all the aforementioned engagements are aimed at ensuring that the municipality extracts value and benefit from its participation in intergovernmental and international cooperative relations. The national and provincial priorities, policies and strategies of importance include amongst others which are driving forces by the IDP 2012/13 – 2016/17

- Towards a Fifteen Year Review:
- National Spatial Development Perspective:
- AsgiSA: Accelerated and Shared Growth Initiative, South Africa
- The Local Government Turnaround Strategy (LGTAS)
- The Outcomes Based Approach to Service Delivery
- National Development Plan (NDP) –Vision 2030
- Northern Cape Growth and Development Strategy
- Frances Baard Growth and Development Strategy

The vision of the municipality is

SOL PLAATJE, A DYNAMIC AND CARING MUNICIPALITY THAT PROVIDES A COMPREHENSIVE RANGE OF AFFORDABLE SERVICES TO ALL ITS RESIDENTS

The budget is allocated against the five strategic focus areas. This visionary framework is rolled out into objectives, key performance indicators (KPIs) and targets for implementation. These are then broken down into Service Delivery and Budget Implementation Plans (SDBIPs) that reflect the detailed projects. Each of these projects is allocated budgetary and other resources.

The figure as depicted in table 25 below visually represents the link between the IDP and the Budget:

Strategic Objective	Goal	Revenue			Expenditure			Capital Expenditure		
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand										
KPA 1: Local Economic Development	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	3 420	3 631	3 836	2 365	2 496	2 620	7 900	21 458	38 420
	To initiate, lead and sustain an investment environment for job creation in the SPM Area				9 614	10 154	10 694			
	To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth	429	454	479						
KPA2: Basic and Sustainable Service Delivery and Infrastructure Development	To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	2 120	2 236	2 348	2 120	2 236	2 348	77 959	77 389	51 245
	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	75 732	98 163	92 226	211 935	225 917	239 674	15 349	32 496	23 100
	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management and roads and stormwater as well as community services to all residents of SPM	1 098 989	1 174 292	1 254 864	854 772	919 858	988 593			
	To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	43 656	46 107	48 240	216 707	228 951	241 282	8 964	966	
KPA 3: Municipal Financial Viability and Management	Ensure sound financial management and financial sustainability of SPM	501 836	534 407	569 641	121 255	127 900	134 210	5 000	2 000	2 000
KPA 4: Municipal Institutional Development and Transformation	To provide an overarching framework for sustainable municipal performance improvement	249 101	254 997	270 717	453 640	470 389	500 468	3 000	3 000	3 000
	To provide a framework for Municipal Transformation and Institutional Development									
KPA 5: Good Governance and Public Participation	To ensure an Unqualified Audit Report									
	To enhance the public profile, reputation and positioning of the SPM				18 936	19 977	20 976			
Total		1 975 284	2 114 287	2 242 351	1 891 344	2 007 878	2 140 865	118 172	137 309	117 765

6. Measurable performance objectives and indicators

As depicted in the Table below

NC091 Sol Plaatje - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
1. Local Economic Development										
1.1 To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks										
<i>Promote tourism into the city using arts, culture and heritage as a strategy by creating a marketing platform for SMME's through events partnered by Sol Plaatje on an annual basis.</i>	Number of marketing platforms created (events)	Not a target in this FY	Not a target in this FY	Not a target in this FY	3.0	3	3	3	3	3
<i>Support SMME's through business incubation by setting up developmental programmes for at least 10 businesses annually</i>	Number of business provided with a developmental programme	Not a target in this FY	Not a target in this FY	Not a target in this FY	10	10	10	10	10	10
<i>Review the current by-laws applying to land development as well as rezoning of both privately owned and government owned land parcels by 30 June 2017</i>	Approval of the by-law and government gazette publishing the by-law	Not a target in this FY	Not a target in this FY	Not a target in this FY	New	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Improving the turnaround time for development applications (rezoning) from receipt of all sectional comments, submission to Development and Planning Committee and Council to 10 weeks by 30 June 2017</i>	Average time in weeks to approve applications	Not a target in this FY	Not a target in this FY	9.75	10weeks	10weeks	10weeks	10weeks	10weeks	10weeks
<i>Ensuring a turnaround time of 6 weeks for building plan approval by 30 June 2017 for buildings for architectural buildings less than 500m² in accordance with NBRBSA - 103/1977</i>	Average time in weeks to approve building plans	8 weeks	8.67	4.25	6weeks	6weeks	6weeks	4weeks	4weeks	4weeks

<i>Ensuring the turnaround time for building plan approval to 10 weeks by 30 June 2017 for buildings or architectural buildings greater than 500m² in accordance with NBRBSA - 103/197</i>	Average time in weeks to approve building plans	8 weeks	11.67	11	9weeks	9weeks	9weeks	8weeks	8weeks	8weeks
<i>To improve the SCM turnaround time for annual contracts to 12 weeks from closing date to date of award.</i>	Average time in weeks to award annual tenders	8 weeks	7.84	10	12weeks	12weeks	12weeks	12weeks	12weeks	12weeks
<i>To improve the SCM turnaround time for once-off contracts to 6 weeks from closing date to date of award.</i>	Average time in weeks to award once-off contracts	Not a target in this FY	12.08	7.58	6weeks	6weeks	6weeks	6weeks	6weeks	6weeks
1.2 To initiate, lead and sustain an investment environment for job creation in the SPM Area										
<i>Create 300 FTE jobs through EPWP initiatives of the SPM by 30 June 2017</i>	Number of FTE jobs created	115	893	710	300	300	300	350	375	375
1.3 To leverage municipal assets and the municipal assets and the municipal procurement process with the view to stimulate redistribution and growth										
<i>Ensure that at least 60% of the Municipality's own procurement for goods and services are sourced from local BEE and SMME service providers (category D2)</i>	% of the Municipality's own procurement for goods and services sourced from Local Black SMME's (Category D2 per the financial system)	65.0%	67.0%	68.0%	1	60.0%	60.0%	60.0%	60.0%	60.0%
<i>To perform at least two feasibility studies to identify suitable land for human settlements in order to ensure security of land tenure for people by 30 June 2017</i>	Number of feasibility studies performed	Not a target in this FY	R 1,867m	Not a target in this FY	2	2	2	2	2	2
2. Service Delivery										
2.1 To ensure adequate provision of bulk infrastructure to unlock and sustain development and growth										
<i>For the replacement project of the 2 high lift pumps in Riverton, ensure that the tender for replacement is awarded and the order for the two pumps by 30 June 2017</i>	% completion of the identified tasks	Not a target in this FY	0	20.0%	2.00	100.0%	100.0%	100.0%	100.0%	100.0%

<i>To commence with the procurement process for the construction of a new pump station in Riverton (to host the new high lift pumps) by 30 June 2017</i>	% completion of the identified tasks	Not a target in this FY	64.0%	Not a target in this FY	New	100.0%	100.0%			
<i>Complete 100% of the dewatering phase of the Homevale waste water project by 30 June 2017.</i>	% completion of the project	Not a target in this FY	Not a target in this FY	Not a target in this FY	New	70.0%	70.0%	30.0%		
<i>To complete 100% of phase 1 for the upgrade of the Richie WTW by 30 June 2017.</i>	% complete in terms of the project plan	Not a target in this FY	Not a target in this FY	Not a target in this FY	New	New	New	60.0%	80.0%	100.0%
2.2 To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets										
<i>Decrease electricity losses to 17% by 30 June 2017</i>	% electricity losses	Not a target in this FY	16,47%	25.7%	15.5%	15.5%	15.5%	17.0%	16.0%	15.0%
<i>Decrease non-revenue water losses to 45% by 30 June 2017</i>	% water losses	Not a target in this FY	44.0%	41.4%	37.0%	37.0%	37.0%	45.0%	40.0%	35.0%
<i>Achieve 100% BDS Bluedrop Status by 30 June 2017</i>	% status achieved	Not a target in this FY	78.0%	72.0%	92.0%	92.0%	92.0%	100.0%	100.0%	100.0%
<i>Achieve 100% GDS Greendrop Status by 30 June 2017</i>	% status achieved	Not a target in this FY	56.0%	67.0%	90.0%	90.0%	90.0%	100.0%	100.0%	100.0%
<i>Paving of 6 km of residential roads by 30 June 2017</i>	Kilometres of streets paved	Not a target in this FY	17km	11.9km	2.5km	2.5km	2.5km	6km	6km	6km
<i>Resealing of 5km of roads</i>	Kms of roads resealed	Not a target in this FY	Not a target in this FY	Not a target in this FY	New	New	New			
2.3 To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and stormwater services to all residents of SPM										

<i>To connect 446 additional households to the electricity network by 30 June 2017</i>	Number of houses connected to electricity network	Not a target in this FY	492	2170	446	446	446			
<i>12 000 Indigent households to receive free basic services (water, electricity and waste removal according to national guidelines) by 30 June 2017</i>	Number of indigent households receiving free basic services	Not a target in this FY	0	13395	12000	12000	12000	12000	12000	12000
<i>409 Additional Households to be provided with a subsidised house by 30 June 2017</i>	No of houses provided	Not a target in this FY	1854	375	409.00	409	409			
<i>To submit the layout plans of 2 000 Additional erven planned to Surveyor General by 30 June 2017</i>	No of erven surveyed on approved SG diagramme	Not a target in this FY	1067	570	2000	2000	2000			
<i>Complete the project on the upgrade of the landfill site by 30 June 2017</i>	Project reports and actual measurement on the ground	Not a target in this FY	Not a target in this FY	Not a target in this FY	Not a target in this FY	Not a target in this FY	Not a target in this FY	1	-	-
<i>Complete 50% of the construction of the Homevale Firestation</i>	Project reports and actual measurement on the ground	Not a target in this FY	Not a target in this FY	Not a target in this FY	Not a target in this FY	Not a target in this FY	Not a target in this FY	0.5	0.5	-
3. Financial Management and Viability										
3.1 To ensure sound financial management and financial sustainability of the SPM										
<i>Improve revenue enhancement by ensuring a collection rate of 90,5% after debt write off by 30 June 2017</i>	% collection rate	88%	79.0%	86.0%	89.4%	89.4%	89.4%	90.5%	90.5%	90.5%
<i>To spend at least 90% of the Capital Budget (including VAT) on capital projects identified ito the IDP by 30 June 2017</i>	% capital expenditure of capital budget	100%	83.0%	78.0%	90.0%	90.0%	90.0%	95.0%	95.0%	95.0%
<i>To spend at least 95% of the Operational Budget annually (30 June)</i>	% operating expenditure of operational budget	95%	90.0%	88.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
<i>Maintain the debt coverage ratio of at least 2:1 against net assets of the municipality by 30 June 2017</i>	Debt coverage (Total operating revenue-operating grants received)/debt service payments due within the year)	25%	1.83:1	2.15:1	02:01	8.4%	8.4%	8.4%	8.4%	8.4%

Reduce the net debtor days to 200 days by 30 June 2017	Debtor days - ((Gross Debtors - Bad Debt Provision) / Billed Revenue)) × 365	25%	31.0%	Not a target in this FY	New	200	200	180	160	160
Maintain the cost coverage ratio of 2:1 annually	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)).	Not a target in this FY	2.2:1	2.74:1	2.0:01	2.0:01	2.0:01	2.0:01	3.0:01	3.0:01
Ensure that the budget allocation of employee related costs does not exceed 30% of the annual Operational Budget	Employee related cost as a % of operational budget	16%	4,7%	30.8%	0.32	32.0%	32.0%	30.0%	30.0%	30.0%
To implement an effective and efficient Supply Chain Management System by ensuring that successful appeals is not more than 5% of tenders/quotes awarded by 30 June 2017	% successful appeals against total number of awards made per period	33%	32.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
To appropriate at least 8% of the operational budget to repairs and maintenance annually	% allocation to repairs and maintenance	5%	8.25%	5.5%	8.0%	8.0%	8.0%	10.0%	10.0%	10.0%
4. Municipal Institution and Transformation										
4.1 To provide an overarching framework for sustainable municipal performance improvement										
Review the integrated performance management policy by 31 May 2016	Reviewed policy. Minutes of council meeting where approved	Not a target in this FY	Not a target in this FY	100.0%	1.00	1	1	1	1	1
Submit quarterly organisational performance reports to the Executive Mayor by the 20th of the month following the end of each Quarter	No of reports submitted to the mayor	Not a target in this FY	80.0%	4	4	4	4	4	4	4
Conduct bi-annual performance assessments of the municipal manager and managers reporting directly to the municipal manager	Number of assessments conducted	Not a target in this FY	4	2	2	2	2	2	2	2

Approve the final IDP Review 2015/16 for adoption to Council by 31 May 2017	Reviewed IDP	Not a target in this FY	15.0%	Not a target in this FY	100%	1	1	1	1	1
Submit the final SDBIP to the Executive Mayor by 30 June 2017	Final SDBIP submitted	Not a target in this FY	2	Not a target in this FY	1	1	1	1	1	1
4.2 To provide a framework for Municipal Transformation and Institutional Development										
To table the Human Resource Management Plan to council by 30 June 2017	HRM Plan tabled	100%	60.0%	90.0%	100.0%	1	1	1	1	1
Achieve 100% compliance with the EAP plan of the municipality by ensuring representation of the racial profile of the local authority on municipal level.	% compliance	100%	70.0%	100.0%	80.0%	80.0%	80.0%	100.0%	100.0%	100.0%
Review and submit the strategic risk register to the Accounting Officer by 31 March 2017	Strategic risk register	Not a target in this FY	Not a target in this FY	Not a target in this FY	1.00	1	1	1	1	1
To report quarterly on the progress of risk mitigation to the Executive Management Team (EMT)	Quarterly reports on risk mitigation	Not a target in this FY	Not a target in this FY	Not a target in this FY	4.00	4	4	4	4	4
To submit an Annual Report on risk management maturity level of SPM to NT by 30 June each year	Report submitted to National Treasury	Not a target in this FY	Not a target in this FY	100.0%	1.00	1	1	1	1	1
Implement security project to increase the quality of security within SPM by 30 June 2017.	% complete in terms of the project plan	Not a target in this FY	Not a target in this FY	New	New	-	-	1	-	-
5. Good Governance and Public Participation										
5.2 Enhance the Public Profile, Reputation and Positioning of SPM										
Establish an updated and user friendly website by 30 June 2017.	% compliance	Not a target in this FY	100.0%	82.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To effectively communicate to the public by issuing monthly newsletters and press releases when required.	Number of newsletters and press releases issued.	Not a target in this FY	400.0%	Not a target in this FY	12	12	12	12	12	12

5.3 To continuously assess internal control environment by conducting internal audits across various functions of the municipality										
<i>Internal audit to perform an assessment of the internal control environment and other risk areas within the municipality and issue at least 10 internal audit reports to the audit committee during the year</i>	Number of internal audit reports compiled	Not a target in this FY	Not a target in this FY	Not a target in this FY	10	10	10	10	10	10
5.4 To ensure that the municipality provides basic services to the community in a cost effective manner										
<i>Adoption of the back to basics to inform service delivery strategy of the municipality annually</i>	Back to Basics strategy adopted	Not a target in this FY	Not a target in this FY	Not a target in this FY	1	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Approve the Community Survey Policy as part of the implementation of Back to Basics Document. The policy will stipulate the literature, methodology, approach, analysis, conclusion and reporting as well as confidentiality clauses pertaining to the protection of the participants.</i>	Approved community survey policy	Not a target in this FY	Not a target in this FY		1	1	1	0	0	0

7. Overview of budget related policies

7.1. Reviewed policies

All policies have been reviewed and the following budget-related policies that has been reviewed and changed have been included in Section 6 and shall be adopted with the Budget.

- Travelling and subsistence allowance policy (review)
- Integrated Performance Management Policy (review)
- Customer Care, Credit Control and Debt Collection Policy (review)
- Cash Management and Investment Policy (review)
- Delegation Policy (review)
- Supply Chain Management Policy (review)
- Indigent Policy (review)
- Debt Write Off Policy (review)
- Budget and Virements Policy (review)
- Borrowing policy (review)
- Financial Management Long Term Plan (new)
- Disposal of assets (excluding land) policy (review)
- Irregular expenditure policy (review)
- Property rates policy (review)
- Consumer Deposit policy (review)
- Tariff policy (review)

8. Overview of Budget Assumptions 2016/17 MTREF

In terms of the Local Government Systems Act, section 26 prescribes the core components of the Integrated Development Plan, and section 26 (h) requires the inclusion of a financial management plan which should include a budget projection for at least the next three years. The financial plan is expected to determine the financial affordability and sustainability levels of the municipality over the medium term.

On the other hand, the Municipal Budget Reporting Regulations requires that the Accounting Officer must ensure that the budget related policies are prepared and submitted to Council. One of the policies referred to in the regulations is the Municipality's Long Term Financial Plan which is aimed at ensuring that all long term financial planning of the municipality is

based on a structured and consistent methodology thus ensuring sustainability and affordability of municipal services.

For any budget, it is important that the municipality has an appropriate funding mix for operational and capital expenditure budgets thus eliminating future risks of inadequate funding of the Integrated Development Plan and other functions and responsibilities of the municipality.

8.1 Long term financial management approach

The IDP cycle of the municipality enters its fourth year in 2015/16 financial year, the last year being 2016/17. As such it is compulsory that the municipality assesses its financial capacity alongside the development objectives for the next generation of IDP, which will cover the period 2017/18 to 2021/2022.

The approach that had been adopted to perform this is presented below:

- Based on the historical financial statements, assessment will be done on the financial performance of the municipality and determine income and expenditure patterns
- Regional economy and demographics will be utilised to determine the municipality's future revenue and capital investment capabilities
- An asset register analysis will be performed to determine the asset replacement costs and repairs and maintenance expenditure requirements
- New capital formation requirements will be determined

To date, the status quo of the financial status of the municipality has been presented as phase one in the process of developing the 10 year Long-term Financial Plan

8.2 Economic outlook

South Africa is a global market player and as such the economic outlook is affected by the domestic and international indicators/projections and performances. There are serious domestic issues such as service delivery protests, the e-tolls, increase in government taxes, triple challenges of unemployment, poverty and negativity, slower economic growth and resource constraints to mention but a few. On the international front, the financial crisis, rand-dollar exchange, commodity and other currencies, resource prices and global demand for input resources and the plummeted crude oil prices, with an imminent rise since the first quarter of this year still poses a risk.

Last year, the Consumer Price Index was revised to include a larger weighting to food costs. The inflation is expected to remain within the SARB target range of between 3% and 6%. In

terms of National Treasury's circular 75, the CPI forecast for the next three years are expected to remain in the upper limit due to petrol, energy and food costs. The graph below depicts the CPI for the past years and projections the future as per the BER projections.

At its last meeting in March 2015, the Monetary Policy Committee decided not to adjust the interest rate, thus the repo-rate remained constant at 5.5%. The lending rate remained unchanged at 9.25%

The municipality had since focused on infrastructure led growth and development, all efforts in the past financial years focused mainly in achieving this increase electricity availability increase in sewerage treatment worker capacity, minimisation of non-revenue water and upgrade of existing entrance roads. These projects are coming to fruition.

A shift is expected to take place to move the taking up of available capacity for services, reticulation and internal services, security of land tenure and most of all, attract investment into the City for job creation purposes and increasing the GDP of the City and its contribution nationally. The municipality's service delivery agenda, growth and development strategy is deemed to be in line with the NDP as the emphasis is on in-depth results driven processes.

In his speech, Minister of Finance Honourable N Nene highlighted the following:

- Sluggish global economic growth
- Shift in commodity prices (crude oil, low prices to benefits)
- Negative mining exports
- Security and reliability of energy supply
- Application of ESKOM to further increase its approved tariffs to 25.3% for bulk effective from 1 April 2015

As such, economic growth is projected at 2% for 2015, rising up to 3% by 2017. Consumer price inflation was at its peak in June 2014, and subsequently declined to 4.4% in January 2015, and the projected average for 2015 is 4.3%. This is anticipated to lay the foundation for economic growth.

The South African Economy, though constrained, there are considerable strengths as noted by the Minister, such as –

- Interest rates that remained moderate which are a reflection of credibility of fiscal and monetary policy and a stable inflation outlook.
- Exchange rate that depreciated by 11% against US Dollar, contributing to our trade competitiveness

- Openness of capital market to foreign investors contributing to foreign direct investment.

It became compulsory to the Minister to review the personal income taxes, and the increases in the taxes, especially in the last bracket, from 40% to 41%, this will impact on net income which the municipality depends for payment of municipal services and this may adversely affect the affordability and collection rate.

8.3 National and Provincial Government Influences

The Local Government Budgets and Expenditure Review published by National Treasury highlighted the following:

- Limited focus on economic development
- Inadequate spending on repairs and maintenance
- Prevalence of non-priority spending
- Out-dated spatial plans
- Poor quality of IDP's
- Unfunded budgets
- Poor revenue management practices
- Badly managed procurement processes
- Poor asset management plans/or absence thereof
- Delays in approving development plans
- Under-spending of capital projects
- Deteriorating levels of service delivery

However, during the mid-term visit that took place on the 2nd and 3rd of February 2015, the following acknowledgements were made by National Treasury as per their ***Draft Assessment Report***,

- Improved level of preparedness for the visit
- The status of the audit report and the improvement thereon though the opinion remained "Qualified Audit Opinion"
- Improvement on the financial results
- Basis of revenue estimation were commended due to lower variances between estimates and actuals
- Slow capital expenditure that might lead to under-spending at year end
- Improved cash flow position
- Mastering of compliance reporting requirements

- Strong cash flow position of the municipality
- Stability of the organization

The major influence of the National Government on the municipality's budget was the substantial reduction of the conditional grants. In line with the National objectives of job creation, quality and sustainable service delivery and social responsibility, the municipality has reflected these in its key performance areas and indicators.

8.4 Financial modelling

The outcome of the MTREF modelling includes the strategic focus areas as envisaged in the IDP Review 2016/17 as well as the economic and financial data obtained locally and nationally. The assumptions on which the MTREF was compiled based on include the following;

- Increase year on year maintenance budget to ensure certainty of the availability of services
- Higher than inflation increases in personnel costs
- Inflation based adjustment of general expenses (administration costs, goods and services)
- Augmentation of EPWP by Municipality Job Creation Project with the special focus on cleaning the city's environment
- National and Provincial Allocation as per the DoRA and Northern Cape Provincial gazette

8.5 Expenditure Analysis

General inflation outlook and its impact on municipal activities

The general CPI as projected by National Treasury as per Circular 79 projected the following rate of CPIX for the next three years is 6.6% for 2016/17, 6.20% for 2017/18 and 5.90% for 2018/19. These levels are within the South African Reserve Bank (SARB) inflation targeting range of between 3% and 6%. As depicted in Table 27, the average tariff increases (Municipal CPI) for the next three years is projected at 5.53% for 2016/17, 7.19% for 2017/18 and 6.84% for 2018/19.

Tariffs	2015/16	2016/17	2017/18	2018/19
CPI Projections	5.40%	6.60%	6.20%	5.90%
GDP Growth Targets	0.90%	1.70%	2.40%	2.50%
Rates	6.50%	4.00%	7.37%	7.26%
Sewer and sanitation	6.50%	4.00%	5.91%	5.75%
Cleansing/Refuse collection	6.50%	4.00%	5.91%	5.73%
Water	6.50%	4.00%	5.94%	6.36%
Electricity	12.20%	7.50%	7.37%	7.26%
Average tariff increases/Municipal CPI	7.64%	4.70%	6.50%	6.47%

8.6 Collection rate per service

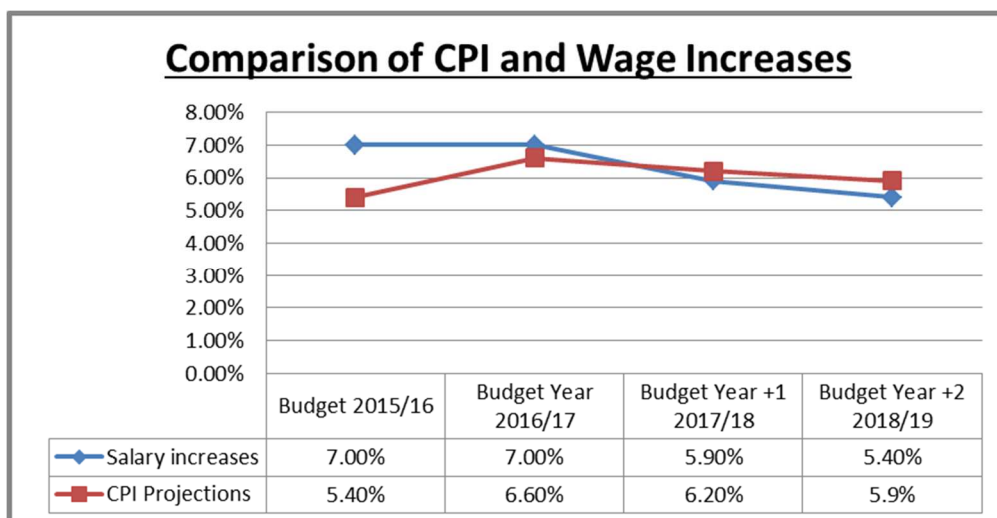
The municipality's projected revenue collection rates are based on realistic and sustainable trends. There is an expected improvement in the collection rate for electricity due to the roll out of prepaid electricity devices to residential customers as well as the on-going project of meter replacement. The municipality has embarked on meter audit for all large power users which is also expected to make material contributions on billing and revenue recovered.

The municipality is continuously integrating the electricity prepayment system with the billing system to ensure that customers do not go undetected in the non-payment of other municipal services. We are moving one residence/property, one account. This move serve as better as we struggled with the collections on landlord and tenant accounts.

The budget proposes R190 million contributions to bad debts and is based on the average collection rate on all services (excluding housing rental) of 89%.

8.7 Salary increases

A three year salary and wage collective agreement that was entered into in 2015 shall now expire on the 30th of June 2018.



Despite the demands as submitted by trade unions to the SALGBC, submission was made as follows with regards to the proposed counter offer to be made to the unions:

- That consideration be made to collection rate;
- Consideration be made to urgent, emergency needs and other developmental priorities of the municipality;
- Code of Conduct of Councillors and municipal employees been implemented (no employee or councillor is expected to be in arrears for more than 90 days, otherwise a stop-order be instructed to deduct from such an individual.

The cost implications of the new organogram are yet to be estimated. For now the following ratio's must be maintained:

- Employee costs = 34% of total OPEX and 33% as a % of total revenue
- Supervisory controls to ensure productivity and performance
- Performance management
- Effective disciplinary procedures

8.8 Ensuring maintenance of existing assets

The mid-term budget review and adjustment budget indicated an accelerated expenditure on maintenance. National Treasury's circulars 66 refers to Circular's 54, 55 and 58 which are all stressing the importance of securing the health of municipality's asset base by increasing spending on repairs and maintenance. NT's Circular 58 places emphasis on increasing allocations to repairs and maintenance as well as the renewal of existing assets.

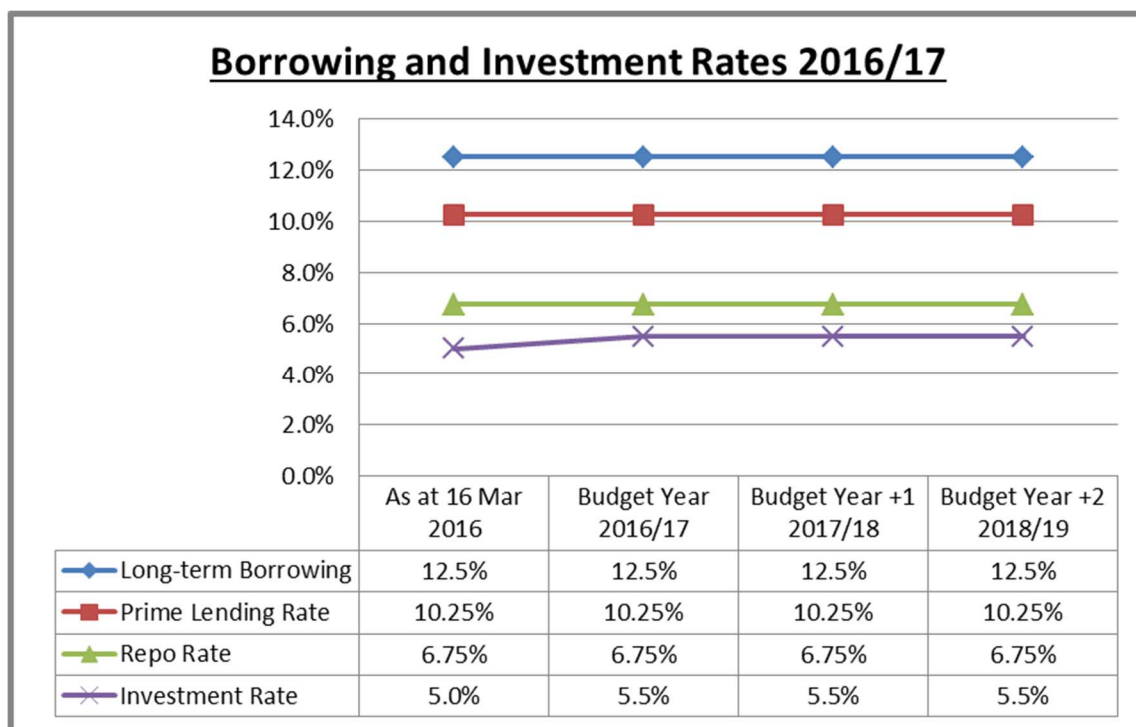
We are gradually increasing the percentage year on year growth of maintenance budget as well as the targeted percentage of maintenance budget against operating budget.

The table below depicts the year on year growth of maintenance budget.

Description	2012/13	2013/14		2014/15		Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework							
R thousand	Audited Outcome	Audited Outcome	% Growth	Audited Outcome	% Growth	Original Budget	Adjusted Budget	% Growth	Budget Year 2016/17	% Growth Original 2015/16	% Growth Adjusted 2015/16	Budget Year +1 2017/18	% Growth	Budget Year +2 2018/19	% Growth	% Growth over 5 years
Expenditure By Type																
Other materials	68 982	62 242	-9.8%	82 513	32.6%	81 503	136 563	67.6%	140 908	72.9%	3.2%	141 786	0.6%	154 263	8.8%	87.0%

8.9 Interest rates

Finance costs on long term borrowing are fixed for the loan repayment term at 12.5% whilst the investment interest rates remained constant at 5.5%. The average investment rate is linked to the Repo rate for call deposits and is closer to 5.0% and while term deposits is closer to 6.0%.



8.10 Depreciation

Depreciation is calculated after having taken into account the asset class and its condition. The municipality has adopted the National Treasury Guidelines on asset lifespan within the ambits of Generally Recognised Accounting Practices standards depending on the nature of the asset. An annual capital expenditure rate of 100% was assumed. Depreciation on all classes is calculated on a straight line method for the duration of the lifespan of the asset.

Assets under construction or work in progress (WIP) are not depreciated until construction is completed and construction costs capitalised. Assets are depreciated once the completion certificate is signed.

8.11 Revenue analysis – a three year projection

8.11.1 Services demand growth

The current economic conditions have restricted any material service demand growth projections. At a very conservative level, an annual growth in service demand of 1% has been assumed as indicated in Table 28 below:

Revenue By Source	2016/17 Tariff Increase	% Growth Original 2015/16	% Growth Adjusted 2015/16	2017/18 Tariff Increase	% Growth	2018/19 Tariff Increase	% Growth
Property rates	4.00%	14.84%	9.67%	7.37%	6.53%	7.26%	6.66%
Service charges - sanitation revenue	4.00%	3.98%	8.40%	5.91%	5.91%	5.75%	5.75%
Service charges - refuse revenue	4.00%	4.00%	5.02%	5.91%	5.91%	5.73%	5.73%
Service charges - water revenue	4.00%	7.51%	7.51%	5.94%	5.94%	6.36%	6.36%
Service charges - electricity revenue	7.50%	3.98%	8.40%	7.37%	7.37%	7.26%	7.26%

8.11.2 Property rates and taxes

A one percentage growth on property valuation roll 2016/17 has been projected. This General Valuation Roll shall be effective from 1 July 2015 for 4 years. However, supplementary valuations are expected to be published as per normal procedures once new information is received. Due to uncertainties associated with this, as the valuations are subject to objections from rate payers and future growth of properties and development/s. The determination of ratios can still create a big shift in tariffs from government and other categories.

NC091 Sol Plaatje - Supporting Table SA13a Service Tariffs by category

NC091 Soli Plaatje - Supporting Table SA13a Service tariffs by category								
Description	Provide description of tariff structure where appropriate	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
						Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Property rates (rate in the Rand)								
Residential properties	Residential	0,008301	0,009970	0,010859	0,011618	0,009315	0.0101	0.0110
Residential properties - vacant land								
Formal/informal settlements								
Small holdings								
Farm properties - used	Agricultural farms	0,001245	0,001495	0,001629	0,001743	0,001863	0.0020	0.0022
Farm properties - not used	Agricultural business	0,002075	0,002492	0,002715	0,002905	0,002329	0.0025	0.0028
Industrial properties	Industrial	0,035280	0,042370	0,046152	0,047634	0,032602	0.0355	0.0386
Business and commercial properties	Business/Residential	0,024903	0,029909	0,032578	0,034854	0,027479	0.0299	0.0325
Communal land - residential								
Communal land - small holdings								
Communal land - farm property								
Communal land - business and commercial								
Communal land - other								
State-owned properties	State / Public schools	0,061429	0,073774	0,080359	0,087135	0,06893	0.0751	0.0816
Municipal properties	Municipal residential	0,008301	0,009970	0,010859	0,011618	0,009315	0.0101	0.0110
Public service infrastructure	Public services infrastr.	0,00	0,00	0,00	0,00	-	-	-
Privately owned towns serviced by the State trust land								
Restitution and redistribution properties								
Protected areas								
National monuments properties								
Exemptions, reductions and rebates (Rands)								
Residential properties								
R15 000 threshold rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate								
Indigent rebate or exemption								
Pensioners/social grants rebate or exemption								
Temporary relief rebate or exemption								
Bona fide farmers rebate or exemption								
Other rebates or exemptions								
Water tariffs								
Domestic								
Basic charge/fix ed fee (Rands/month)								
Service point - vacant land (Rands/month)								
Water usage - flat rate tariff (c/k)								
Water usage - life line tariff	Residential (0-6kl)	-	3,80	4,14	4,76	5,07	5,38	5,71
Water usage - Block 1 (c/k)	Residential (7-20kl)	14,70	16,16	17,60	20,24	21,55	22,87	24,27
Water usage - Block 2 (c/k)	Residential (21-40kl)	16,55	18,19	19,81	22,78	24,26	25,74	27,31
Water usage - Block 3 (c/k)	Residential (41-60kl)	17,50	19,23	20,94	24,08	25,65	27,22	28,88
Water usage - Block 4 (c/k)	Residential (more than 60kl)	18,70	20,55	22,38	25,74	27,41	29,09	30,86
Other								
Waste water tariffs								
Domestic								
Basic charge/fix ed fee (Rands/month)		99,55	109,50	116,65	124,23	132,31	139,94	148,14
Service point - vacant land (Rands/month)								
Waste water - flat rate tariff (c/k)								
Volumetric charge - Block 1 (c/k)	(fill in structure)							
Volumetric charge - Block 2 (c/k)	(fill in structure)							
Volumetric charge - Block 3 (c/k)	(fill in structure)							
Volumetric charge - Block 4 (c/k)	(fill in structure)							
Other								
Electricity tariffs								
Domestic								
Basic charge/fix ed fee (Rands/month)								
Service point - vacant land (Rands/month)								
FBE	(how is this targeted?)							
Life-line tariff - meter	(describe structure)							
Life-line tariff - prepaid	(describe structure)							
Flat rate tariff - meter (c/kwh)								
Flat rate tariff - prepaid(c/kwh)								
Meter - IBT Block 1 (c/kwh)	Block 1 (0 - 50 Kwh)			1.1177	1,1924	1,3379	1,4556	1,5786
Meter - IBT Block 2 (c/kwh)	Block 2 (51 - 350 Kwh)			1.5321	1,6348	1,8342	1,9957	2,1643
Meter - IBT Block 3 (c/kwh)	Block 3 (351 - 600 Kwh)			1.6577	1,7687	1,9845	2,1591	2,3416
Meter - IBT Block 4 (c/kwh)	Block 4 (> 600 Kwh)			1.7582	1,8759	2,1048	2,2900	2,4835
Meter - IBT Block 5 (c/kwh)	(fill in thresholds)							
Prepaid - IBT Block 1 (c/kwh)	Block 1 (0 - 50 Kwh)			1.1177	1,1924	1,3379	1,4556	1,5786
Prepaid - IBT Block 2 (c/kwh)	Block 2 (51 - 350 Kwh)			1.5321	1,6348	1,8342	1,9957	2,1643
Prepaid - IBT Block 3 (c/kwh)	Block 3 (351 - 600 Kwh)			1.6577	1,7687	1,9845	2,1591	2,3416
Prepaid - IBT Block 4 (c/kwh)	Block 4 (> 600 Kwh)			1.7582	1,8759	2,1048	2,2900	2,4835
Prepaid - IBT Block 5 (c/kwh)	(fill in thresholds)							
Other								
Waste management tariffs								
Domestic								
Street cleaning charge								
Basic charge/fix ed fee		72,50	78,30	83,70	88,64	94,40	100,35	105,58
80l bin - once a week								
250l bin - once a week								

8.11.3 Water and sanitation

A service growth of 1% was applied to water and sanitation over the 2016/17 MTREF. This is based on average growth over the past years. As reflected in the table above, the growth in revenue more the percentage increases is associated with the benefits of reducing non-revenue water and the billing of informal settlements for free basic water.

Whilst the non-revenue water minimisation projects are continuing with the implementation, the municipality still suffers high water losses of which the projections indicate a reduction over the 2016/17 MTREF as a result of various projects aimed at non-revenue water minimisation such as pressure management in the water reticulation network.

8.11.4 Electricity

Electricity has projected no service growth over the MTREF due to the unknown impact of energy saving plans and increasing tariffs which lead to reduced consumption.

The municipality distributes and sell electricity to all its customers with the exception of Ritchie which is served by Eskom through a service level agreement. Residential customers and some small businesses / commercial businesses are served through prepaid and conventional electricity metering. The municipality encourages its citizens to convert from conventional to prepaid electricity metering.

To date, there has been an announcement made by National Electricity Regulator South Africa (NERSA) with regards to bulk tariff increases for 2016/17. Our budget assumptions for bulk and sales is based on the approval as per the 2016/17 MYPD announcement dated 01 March 2016.

An application will be submitted to NERSA for the proposed electricity price increases for the 2016/17 financial year, in accordance with the budget requirements as presented herein.

The municipality revenue increase requirement for the next financial year is 7.5% and currently 7.3% and 7.4% for the two outer years. The higher than CPI increase is attributed to the higher than CPI increase of bulk and employee costs and other cost drivers affected by external factors such as oil price increases etc.

The finance charges associated with electricity for the 2016/17 financial year are stabilising as a result of no further new loans budgeted for.

The proposed tariffs are therefore subject to change to take into account the NERSA's price determination.

8.11.5 Refuse collection

A demand for refuse collection is projected to be 1% in the 2016/17 financial year and 1% each year thereafter. The 1% projection is based on the plans of the municipality to extend the service to more than 9 000 households in the recently formalised areas such as Lerato Park etc. these customers shall likely qualify as Indigent and shall benefit from free basic refuse collection service which is fully subsidised by the municipality.

In terms of Circular 66 referred to above, it is further specific about the refuse removal tariffs and that municipalities are required to have a cost reflective tariff of refuse removal (solid waste) by 2016. A detailed review of cost drivers for refuse removal shall be initiated as soon as possible during the budget process 2016/17.

A landfill site disposal tariff is soon to be introduced as soon as the necessary infrastructure is put in place for this purpose. For now, the municipality has invested over a million rand in the past financial year on the landfill site to restore the site to a state as required by law.

However, to fully cover the costs of service provision, the revenue increase requirement from refuse removal service charges are 4%, 6,30% and 5,21% for 2016/17, 2017/18 and 2018/19 financial years respectively.

8.11.6 Major tariffs and charges

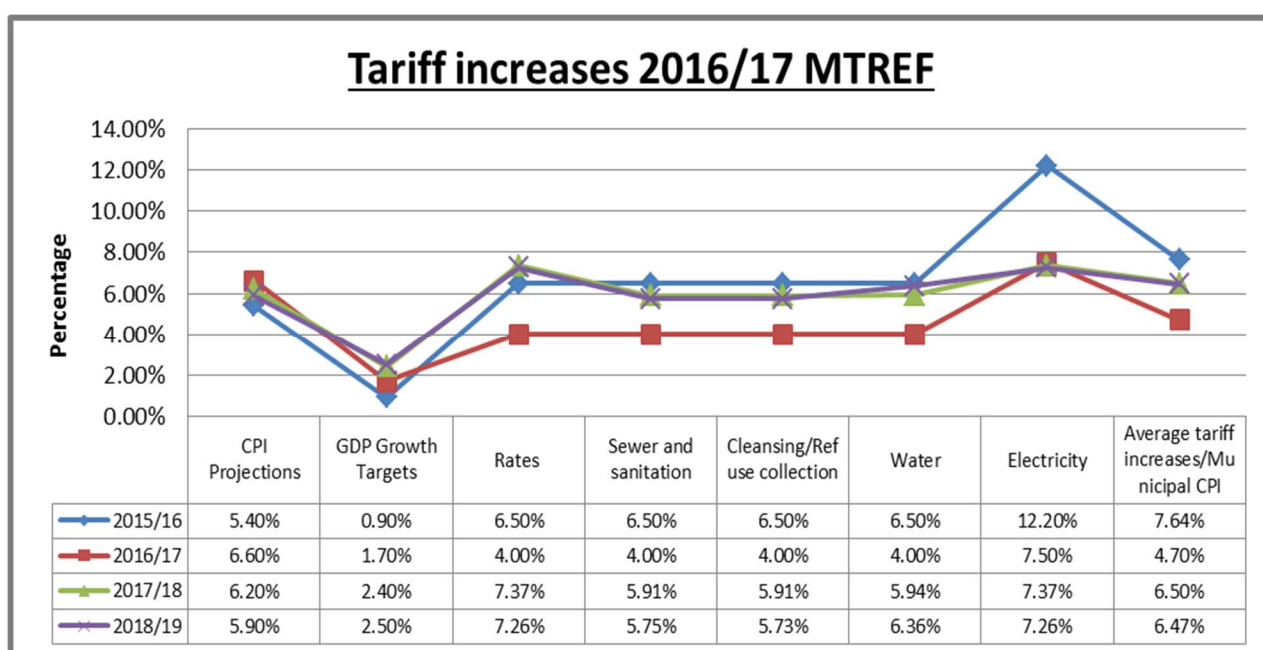
The negative impact of the current economic conditions coupled with the fast depreciating South African rand (ZAR) currency against international currencies, demand for new and upgraded infrastructure, higher than inflation increases in staff costs and the implementation task grading system, has compelled higher than CPI levels unavoidable.

National Treasury's circular 66 encourages municipalities to keep increases in rates, tariffs and other charges at the levels that reflect an appropriate balance between the interests of the poor households and other customers thus ensuring sustainability of the municipality. A justification of any increase above the SARB inflation target band is required.

Table 29 below indicates proposed tariff increases for major municipal services.

Tariffs	2015/16	2016/17	2017/18	2018/19
CPI Projections	5.40%	6.60%	6.20%	5.90%
GDP Growth Targets	0.90%	1.70%	2.40%	2.50%
Rates	6.50%	4.00%	7.37%	7.26%
Sewer and sanitation	6.50%	4.00%	5.91%	5.75%
Cleansing/Refuse collection	6.50%	4.00%	5.91%	5.73%
Water	6.50%	4.00%	5.94%	6.36%
Electricity	12.20%	7.50%	7.37%	7.26%
Average tariff increases/Municipal CPI	7.64%	4.70%	6.50%	6.47%

The graphs below depicts tariff increases over the 2016/17 MTREF and the base year 2015/16.



8.11.7 Property rates

The rates tariffs are set to increase by 4.0% in the 2016/17 financial year and 7.37% in the 2017/18 financial year and 7.26% in 2018/19.

Kimberley's property sector has been remarkably resilient against the global and national economic factors putting pressure on the bigger centres. Whilst there is a marked slowdown in the value appreciation of property, there is still real growth in the residential and business property sectors.

It is anticipated that the property values for the General Valuation 2015 would increase between 5 and 15 % in general. The middle income residential sectors are expected to enjoy the bulk of this growth with the number of transactions and the corresponding values of these for higher income residential areas are relatively subdued. Banks are finding

greater security and value in the middle income residential areas and are therefore very active and prepared to expose themselves to 100 % of the value of the purchase prices.

The commercial sector is divided with limited increase in value of Grade C and below office space and retail accommodation fighting to stay competitive. The retail sector has been affected by the embattled national economy with families having in general less disposable income. Rentals have had to be adjusted accordingly to assist the shop owners. Grade C office space is characterised by old lease agreements with rentals which are no longer market related and need to be reviewed. However, the possible increase in these rentals should also be accompanied with the upgrading of the office space which is very expensive when dealing with older buildings.

Grade A and B office accommodation is enjoying premium rentals with secure tenants. An additional 15 000 square meters is expected to be made available in the next two to three years with government taking up much of the existing Grade A and B accommodation. We have seen robust activity in this sector with some high value transactions taking place.

We are expecting minimal growth in the Industrial property sector with little demand to satisfy the substantial supply. This has put weak competition in the sector to achieve better rentals. Kimberley lacks a sufficient primary manufacturing base and its old industrial areas are suffering with high vacancy rates and low rentals.

The agricultural sector is being challenged with erratic weather affecting the productivity of the farming activities. Transactions in this sector are subdued but there is still value to be had. A disturbing trend of larger corporations buying out the small family farm owner is noticed nationally, however in Kimberley there is still a strong family farmer component.

As a result, our property rates will be adjusted, though disproportionately, to accommodate the increases in the property values for the G.V. 2015. A challenge remains though in getting the contribution of property taxes per sector to a more sustainable base. Our reliance on the residential, business and state sectors of property taxation is far in excess of the other sectors and therefore the burden to these requires some relief through industrial/investment growth and development measures to widen our tax base and spread the burden more evenly. We have proposed an increase of 6.99 % on average for our property rates for the upcoming financial year and are striving to maintain a similar increase or lower in the medium term.

8.11.8 Housing Rental Stock

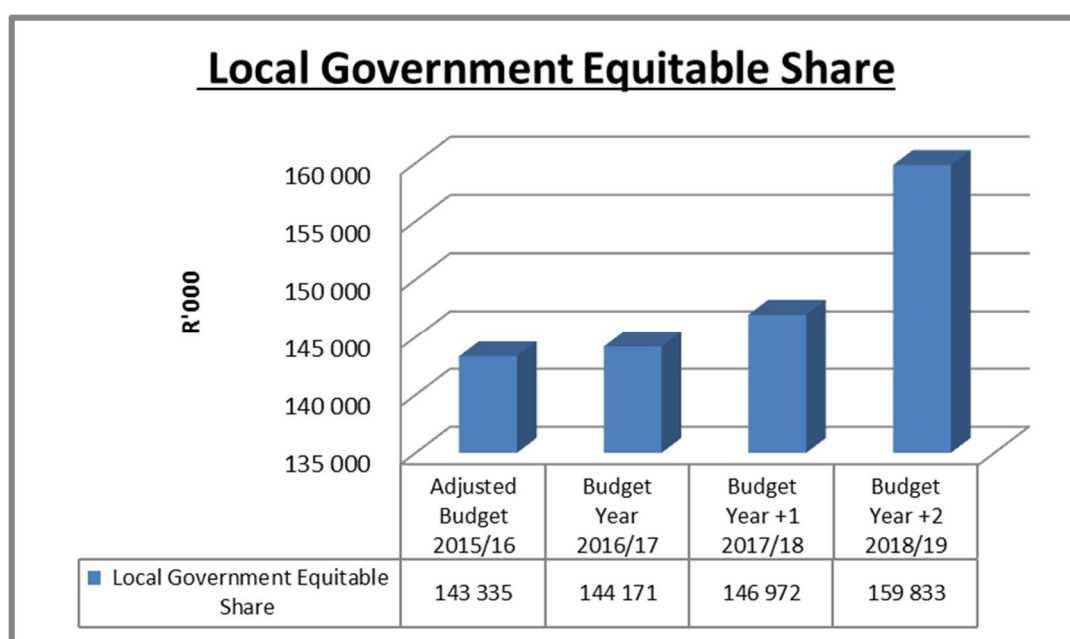
The tariffs for housing rental stock are currently mixed where the market related rental tariff was introduced and for certain customers, due to their circumstances a special tariff was recommended by the Housing Committee and approved by Council in the form of minutes.

There is an urgent need to review the rental amounts for municipal services and the review of some Council decisions taken years ago needs to be made to ensure self sufficiency of the housing function in the near future.

8.11.9 Equitable share

The equitable share formula has been reviewed by National Treasury and its stakeholders in conjunction with South African Local Government Association with the assistance from the Financial and Fiscal Commission as well as Statistics South Africa (StatsSA). The new formula came into effect in the 2013/14 MTREF.

The formula provides for subsidisation of provisioning of free basic services of water, electricity, and sanitation and refuse removal for every poor household. A poor household is defined in terms of the Indigent Household Policy. The equitable share also provides for the institutional costs of the municipality, a community services component which provides funding towards the delivery of core municipal services that are not included under basic services. To ensure that the funds for institutional costs and non-trading services are targeted to the preciously disadvantaged communities, the formula provides for a revenue adjustment factor reflecting municipalities ability to generate own revenue.



The formula was also based on the Census 2011 outcomes to reflect population estimates and projected increase in the cost for services such as water and electricity.

The equitable share provision included in the budget is based on the 2015 Division of Revenue Bill (DoRB). The following amounts have been allocated to Sol Plaatje Local Municipality as per the 2015 DoRB.

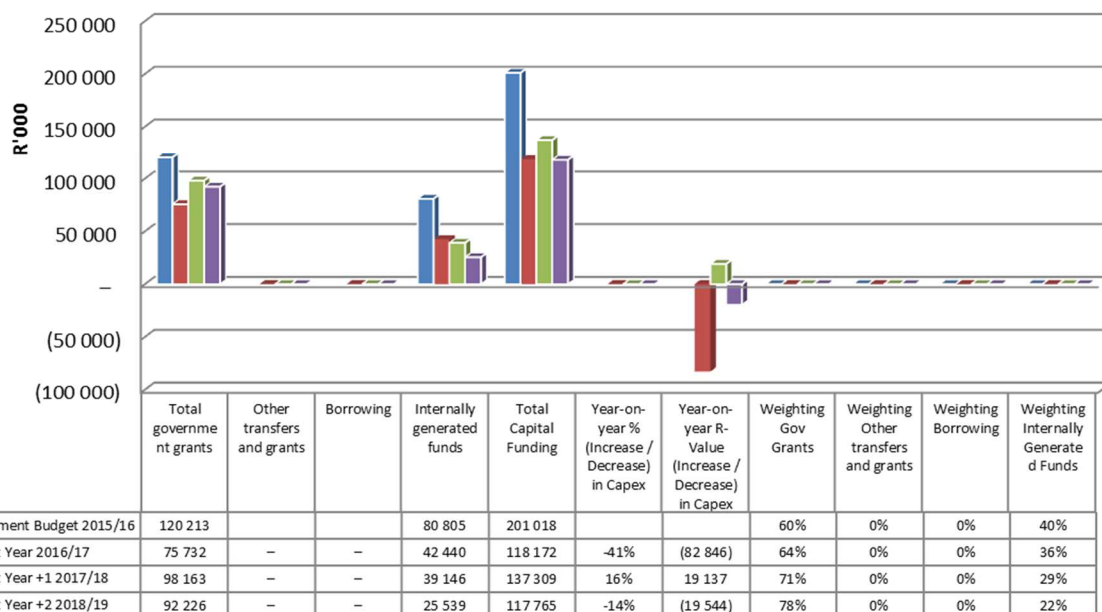
Description R'000	Adjusted Budget 2015/16	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Local Government Equitable Share	143 335	144 171	146 972	159 833

8.11.10 Funding Capital Budget

The total capital budget included for the next three years is funded as follows as per Table 30.

Funding sources of capex	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	R'000	R'000	R'000
<u>Funded by:</u>			
National Government	75 732	98 163	92 226
Provincial Government	–		
District Municipality	–		
Other transfers and grants	–		
Transfers recognised - capital	75 732	98 163	92 226
Public contributions & donations			
Borrowing			
Internally generated funds	42 440	39 146	25 539
Total Capital Funding	118 172	137 309	117 765

Funding sources Capital Expenditure 2016/17 MTREF



Grants received from National and Provincial Government remains a significant source of funding for the CAPEX over the 2016/17 MTREF. External borrowings is planned for the MTREF but has not been finalised.

8.11.11 Borrowing and credit rating

The municipality borrows funds in line with the Long Term borrowing policy and Chapter 6 of MFMA and is influenced by the capital financing requirements. The municipality requires a credit rating that is demonstrating ability to meet financial obligations as they fall due. Potential lenders consider the rating in assessing the credit risk and this subsequently affects the financing costs.

Since the 2013/14 MTREF, Moody's Rating Agency rated the municipality as Baa.3 which was a downgrade from Aaa.3 for the past three years. The downgrade was purely as a result of the downgrade of government for various reasons.

9. Overview of budget funding

Funding the activities of the municipality is key in every budget cycle. Local authorities are established with a specific mandate in terms of the Constitution of the Republic of South Africa as amended. The demand for municipal services is un-ending and it is increasing.

Recently, we have been working hard on human settlements matters which are an indication of the need for housing which will immediately translate to more township establishment,

bulk infrastructure and provision for water and sanitation, refuse removal and water and of cause billing implications.

The municipality's budget is funded mainly from own revenue sources and to an extent grants and subsidies from National, Provincial and District Municipality, and long term borrowing to fund capital projects.

Table 31 below presents the Summary of Revenues financing activities for the 2016/17 MTREF:

Budgeted Standard Item	Adjustment Budget 2015/16		2016/17		2017/18		2018/19	
	R'000	% Weighting	R'000	% Weighting	R'000	% Weighting	R'000	% Weighting
Own Generated Funds	1 623 983	81.38%	1 733 655	85.92%	1 852 094	86.01%	1 972 554	86.98%
Transfer recognised - Operational	170 638	8.55%	165 897	8.22%	164 030	7.62%	177 571	7.83%
Total Operational Revenue Budget	1 794 620	89.93%	1 899 552	94.14%	2 016 124	93.62%	2 150 125	94.81%
Transfer recognised - Capital	120 213	6.02%	75 732	3.75%	98 163	4.56%	92 226	4.07%
Borrowing	–	0.00%	–	0.00%	–	0.00%	–	0.00%
Internally generated funds	80 805	4.05%	42 440	2.10%	39 146	1.82%	25 539	1.13%
Total Capital Budget	201 018	10.07%	118 172	5.86%	137 309	6.38%	117 765	5.19%
Total Revenue and Financing	1 995 638	100.00%	2 017 724	100.00%	2 153 433	100.00%	2 267 890	100.00%
Total Grants & Subsidies	290 851	14.57%	241 629	11.98%	262 193	12.18%	269 797	11.90%

The table above indicates that the total budget of the municipality is 85.92% funded by own revenue whilst 8.22% of the funds were from operational grants, 3.75% capital grants and nil% from long term borrowings in 2016/17. For the outer years, reference is made to the table above.

9.1. Own Revenue Sources

As seen above, the major source of funds for the municipality is funds generated internally from raising service charges as well as the property rates. Table 32 below presents detailed revenue by source projections for the period 2016/17 to 2018/19.

Description	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand			
Revenue By Source			
Property rates	486 708	518 468	552 991
Property rates - penalties & collection charges			
Service charges - electricity revenue	700 551	752 170	806 806
Service charges - water revenue	255 104	270 256	287 454
Service charges - sanitation revenue	75 450	79 912	84 504
Service charges - refuse revenue	56 783	60 137	63 581
Service charges - other			
Rental of facilities and equipment	10 690	11 384	12 067
Interest earned - external investments	19 000	21 000	23 000
Interest earned - outstanding debtors	70 000	76 000	76 000
Dividends received			
Fines	16 880	17 901	18 827
Licences and permits	3 270	3 435	3 622
Agency services	6 280	6 594	6 957
Transfers recognised - operational	165 897	164 030	177 571
Other revenue	32 939	34 836	36 744
Gains on disposal of PPE			
Total Revenue (excluding capital transfers and contributions)	1 899 552	2 016 124	2 150 125

See Table A4 Budgeted Financial Performance (revenue and expenditure) – Annual Budget Schedules

Revenue from electricity remains the biggest source of income followed by rates and water charges. Based on the DoRA 2016, equitable share amounting to R144 million has been allocated and R146 million for 2017/18 and R159 million is gazetted for 2018/19. A declining trend in the equitable share allocation was evident which might imply review of provision of basic services as well as other expenditure funded by equitable in the near future. The 2016/17 MTREF shows a marginal improvement year-on-year.

Description (R thousand)	Current Year 2015/16		2016/17 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	Weighting %	Budget Year 2016/17	Weighting %	Budget Year +1 2017/18	Weighting %	Budget Year +2 2018/19	Weighting %
Revenue By Source								
Property rates	443 808	25%	486 708	26%	518 468	26%	552 991	26%
Service charges - electricity revenue	651 594	36%	700 551	37%	752 170	37%	806 806	38%
Service charges - water revenue	235 333	13%	255 104	13%	270 256	13%	287 454	13%
Service charges - sanitation revenue	71 845	4%	75 450	4%	79 912	4%	84 504	4%
Service charges - refuse revenue	53 893	3%	56 783	3%	60 137	3%	63 581	3%
Rental of facilities and equipment	10 305	1%	10 690	1%	11 384	1%	12 067	1%
Interest earned - external investments	19 000	1%	19 000	1%	21 000	1%	23 000	1%
Interest earned - outstanding debtors	80 000	4%	70 000	4%	76 000	4%	76 000	4%
Fines	15 879	1%	16 880	1%	17 901	1%	18 827	1%
Licences and permits	2 965	0%	3 270	0%	3 435	0%	3 622	0%
Agency services	5 800	0%	6 280	0%	6 594	0%	6 957	0%
Transfers recognised - operational	170 638	10%	165 897	9%	164 030	8%	177 571	8%
Other revenue	33 559	2%	32 939	2%	34 836	2%	36 744	2%
Total Revenue (excluding capital transfers and contributions)	1 794 620	100%	1 899 552	100%	2 016 124	100%	2 150 125	100%

Table 33 above represents the weighting in percentages of each revenue source for 2016/17 MTREF. Table 34 below presents the major parameters applied to the operating budget for the 2016/17 MTREF:

Description	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CPI	6.6%	6.2%	5.9%
COLLECTION RATES (Average)			
Property rates	92%	90%	91%
Electricity	90%	91%	92%
Water	88%	90%	91%
Sanitation	88%	89%	91%
Refuse removal	88%	90%	92%
REVENUE GROWTH			
Property rates	10%	7%	7%
Electricity	8%	7%	7%
Water	8%	6%	6%
Sanitation	5%	6%	6%
Refuse removal	13%	6%	6%
EXPENDITURE PARAMETERS			
Salary increases (Collective agreement)	7.0%	5.9%	5.4%
Notch increases provision	1%	1%	1%
Task implementation	2%	2%	2%
Bulk purchases	10%	8%	8%
General expenses	4%	6%	6%
Repairs and maintenance	3%	1%	9%
Interest paid	-7%	-4%	-4%
Interest on investments	0%	11%	10%

9.2. Investments

Indicated in the table below are the budgeted investments at various A+ banking institutions consisting of call deposits and term deposits ranging from 3 to 9 months with different dates of maturity. The budgeted investments are R262, 936 m for 2014/15 financial which was determined very conservatively. The investments as at 28 February was standing at R306 million.

NC091 Sol Plaatje - Supporting Table SA15 Investment particulars by type

Investment type	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	336 560	320 607	275 457	240 000	240 000	240 000	264 038	314 915	414 877
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	336 560	320 607	275 457	240 000	240 000	240 000	264 038	314 915	414 877
Consolidated total:	336 560	320 607	275 457	240 000	240 000	240 000	264 038	314 915	414 877

9.3. Borrowing

Borrowing is done in terms of chapter 6 of the MFMA and in line with the Municipality's approved borrowing policy. Long term loans shall be taken up when they are affordable and sustainable. Therefore the municipality has approved taking up of a new loan not exceeding R50 000 000.00. Processes have not yet resumed to date due to pending finalisation of the business plans for qualifying projects.

9.4. Funding measures

As per MFMA Circular 42, the MFMA through section 18 requires that the annual budget can only be funded by realistically anticipated revenue to be collected and cash-backed accumulated funds from previous' years, not committed for other purposes. The capital budget may be funded by cash-backed current year surpluses in the Financial Performance budget, including capital grants and other contributions, cash-backed accumulated funds from previous' years, not committed for other purposes and borrowing.

The credibility of annual budget means that it must be capable of implementation when approved. A credible budget must be consistent with the IDP and achievable in terms of service delivery and performance targets; revenue and expenditure projections must be

realistic; and the implementation of the budget must improve the financial viability of the municipality.

The budget funding reconciliation is shown as Part 1 Financial Performance budget result (surplus/deficit) (Table 35)

Cash flow budget result as shown in Part 2 (Table 36)

Reconciling available cash and investments to determine the amount of reserves and accumulated surplus that is cash backed to ensure compliance with the MFMA section 18(1)(b) as illustrated in Part 3. (Table 37)

SOL PLAATJE MUNICIPALITY (NC091)				
Part 1 - Budgeting for Financial Performance				
Description	Ref	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		R'000	R'000	R'000
Revenue by Source (Table 1)				
Property rates	A	486 708	518 468	552 991
Service charges	A	1 087 887	1 162 475	1 242 345
Rental of facilities and equipment	B	10 690	11 385	12 067
Interest earned - external investments	D	19 000	21 000	23 000
Interest earned - outstanding debtors	D	70 000	76 000	76 000
Fines	B	16 880	17 901	18 827
Licenses and permits	B	9 550	10 029	10 579
Government grants & subsidies - ops		165 897	164 030	177 571
Government grants & subsidies - capital	E	75 732	98 163	92 226
Other income	B	32 939	34 836	36 744
Total Revenue By Source		1 975 283	2 114 287	2 242 350
Internal recoveries		69 290	69 290	69 290
Cross Subsidization		43 850	45 800	48 550
Total		2 088 423	2 229 377	2 360 190
Operating Expenditure by Type (Table 6)				
Employee related costs	C	644 340	682 524	719 462
Remuneration of Councilors		23 312	24 827	26 317
Bad debts	F	190 500	202 655	218 021
Depreciation		55 650	60 967	65 480
Repairs and maintenance		140 908	141 787	154 263
Interest external		27 757	26 776	25 762
Bulk purchases - Electricity		434 000	468 720	506 218
Bulk purchases - Water		72 500	79 750	87 725
Contracted Services		34 363	36 276	38 153
Grants and subsidies paid		61 510	64 524	67 792
General Expenditure		206 503	219 072	231 671
Total Operating Expenditure By Type		1 891 343	2 007 878	2 140 864
Internal Transfer		69 290	69 290	69 290
Cross Subsidization		43 850	45 800	48 550
Total		2 004 483	2 122 968	2 258 704
Operating Surplus/(Deficit)		83 940	106 409	101 486

SOL PLAATJE MUNICIPALITY (NC091)				
Part 2 - Budgeting for Cash Flow				
Description	Ref	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		R'000	R'000	R'000
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Cash receipts from ratepayers, government and other	A,B	1 501 208	1 610 869	1 736 030
Cash receipts from government - operating		165 897	164 030	177 571
Cash receipts from government and other - capital		75 732	98 163	92 226
Interest received	D	36 500	40 000	42 000
Receipts				
Cash paid to suppliers and employees	I	(1 586 268)	(1 673 968)	(1 785 825)
Finance charges		(27 757)	(26 776)	(25 762)
NET CASH FROM OPERATING ACTIVITIES		165 312	212 318	236 240
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of property, plant and equipment		0	0	0
Increase in investment properties		0	0	0
(Increase)/decrease in non-current receivables		0	0	0
Receipts				
Purchase of property, plant and equipment	G	(118 172)	(137 309)	(117 765)
(Increase)/decrease in current assets		0	0	0
Increase in non-current investments		0	0	0
NET CASH FROM INVESTING ACTIVITIES		(118 172)	(137 309)	(117 765)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
New loans raised	G	0	0	0
Increase in consumer deposits		2 163	2 358	2 284
Payments				
Repayment of borrowing	G	(8 208)	(8 246)	(9 260)
NET CASH FROM FINANCING ACTIVITIES		(6 045)	(5 888)	(6 975)
NET INCREASE/(DECREASE) IN CASH		41 096	69 121	111 500
Cash and cash equivalents at the beginning of the year		240 000	281 096	350 216
Cash and cash equivalents at the end of the year		281 096	350 216	461 717

SOL PLAATJE MUNICIPALITY (NC091)				
Part 3 - Reconciliation of reserves and commitments backed by cash/investments				
Description	Ref	Budget Year	Budget Year +1	Budget Year +2
		2016/17	2017/18	2018/19
		R'000	R'000	R'000
Reserves to be backed by cash	H	122 504	50 862	53 146
Creditors unpaid at year end		163 652	178 380	191 759
Total commitments		286 156	229 242	244 905
Cash and cash equivalents at the end of the year		281 096	350 216	461 717
Long term investments		0	0	0
Cash and investments available		281 096	350 216	461 717
Explanation notes/references				
A It is the billed/accrued amount and it is assumed that 90% will be collected (average at 88% including interest on debtors and billed)				
B It is assumed that a 100% is received/collected				
C Included is a provision for an average increase of 7%				
D Interest received in the cash flow comprises of 25% of interest on debtors and 100% of investment interest				
E All grants will be received and spent except for roll over capital projects				
F Bad/Doubtful debts have been provided at 12% of billable revenue				
G Capital budgeted expenditure of R118,1m is funded by R75,7m grants, R0m donation, R0m from a loan and R42,4m from operating (counter funding/CRR)				
H The municipality has these projected reserves in the budgeted financial position that need to be backed by cash				
I Counter funding included in capital projects deducted from operating expenditure				
Is the municipality's budget appropriately funded - Yes				
-cash receipts projections are realistic as the cash flow were reduced in line with expected levels of collection				
- bad debts have been provided at approximately 12% of billed revenue				
SOL PLAATJE MUNICIPALITY (NC091)				
Part 3 - Reconciliation of reserves and commitments backed by cash/investments				
Description	Ref	Budget Year	Budget Year +1	Budget Year +2
		2016/17	2017/18	2018/19
		R'000	R'000	R'000
Reserves to be backed by cash	H	122 504	50 862	53 146
Creditors unpaid at year end		163 652	178 380	191 759
Total commitments		286 156	229 242	244 905
Cash and cash equivalents at the end of the year		281 096	350 216	461 717
Long term investments		0	0	0
Cash and investments available		281 096	350 216	461 717
Explanation notes/references				
A It is the billed/accrued amount and it is assumed that 90% will be collected (average at 88% including interest on debtors and billed)				
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G Capital budgeted expenditure of R118,1m is funded by R75,7m grants, R0m donation, R0m from a loan and R42,4m from operating (counter funding/CRR)				
H The municipality has these projected reserves in the budgeted financial position that need to be backed by cash				
I Counter funding included in capital projects deducted from operating expenditure				
Is the municipality's budget appropriately funded - Yes				
-cash receipts projections are realistic as the cash flow were reduced in line with expected levels of collection				
- bad debts have been provided at approximately 12% of billed revenue				

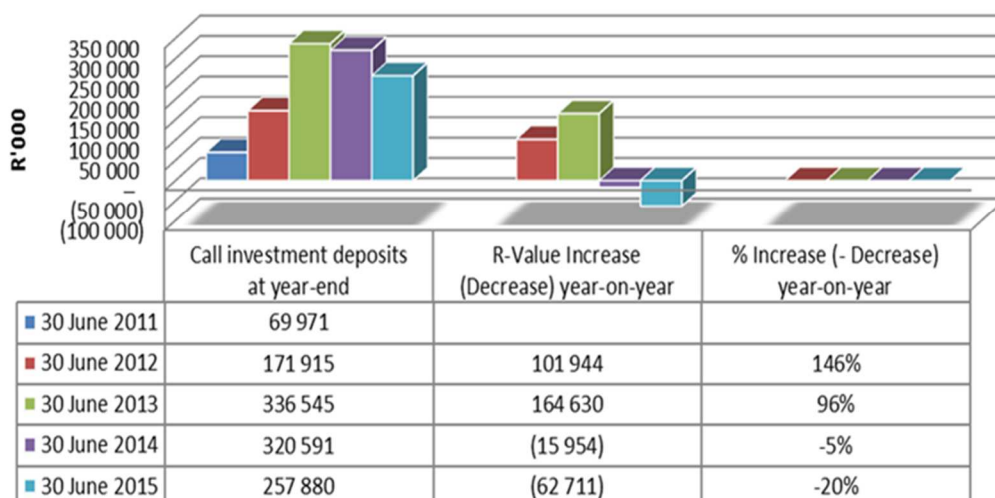
NC091 Sol Plaatje Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	323 965	305 199	275 457	224 384	236 779	236 779	236 779	264 037	314 915	414 877
Cash + investments at the yr end less applications - R'000	18(1)b	2	439 801	442 188	558 190	463 918	422 514	422 514	422 514	656 457	700 769	778 471
Cash year end/monthly employee/supplier payments	18(1)b	3	3.7	3.2	2.8	1.9	2.0	2.0	2.0	2.0	2.3	2.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	260 569	263 163	230 522	75 154	161 018	161 018	161 018	83 940	106 409	101 486
Service charge rev % change - macro CPI% target exclusive	18(1)a,(2)	5	N.A.	(2.9%)	0.8%	6.2%	(5.1%)	(6.0%)	(6.0%)	2.1%	0.8%	0.8%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	97.4%	70.6%	81.4%	86.1%	79.3%	79.3%	79.3%	86.3%	86.4%	87.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	9.5%	10.5%	11.1%	11.2%	11.1%	11.1%	11.1%	12.1%	12.1%	12.1%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.8%	100.0%	100.0%	100.0%	100.0%	110.8%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	82.3%	66.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	39.5%	12.8%	(11.7%)	0.0%	0.0%	0.0%	23.4%	0.5%	(3.6%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(79.7%)	153.1%	(100.0%)	0.0%	0.0%	0.0%	0.0%	(1.0%)	(1.0%)
R&M % of Property Plant & Equipment	20(1)(vi)	13	6.4%	5.0%	6.0%	5.5%	9.2%	9.2%	9.5%	8.9%	8.6%	9.0%
Asset renewal % of capital budget	20(1)(vi)	14	31.3%	62.7%	47.8%	67.5%	61.2%	61.2%	0.0%	31.9%	21.3%	21.2%
High Level Outcome of Funding Compliance												
Total Operating Revenue			1 445 923	1 524 372	1 620 332	1 749 221	1 794 620	1 794 620	1 794 620	1 899 552	2 016 124	2 150 125
Total Operating Expenditure			1 295 311	1 402 082	1 507 379	1 738 343	1 753 816	1 753 816	1 753 816	1 891 344	2 007 878	2 140 865
Surplus/(Deficit) Budgeted Operating Statement			150 612	122 289	112 953	10 878	40 805	40 805	40 805	8 208	8 246	9 260
Surplus/(Deficit) Considering Reserves and Cash Backing			439 801	442 188	558 190	463 918	422 514	422 514	422 514	656 457	700 769	778 471
MTREF Funded (1) / Unfunded (0)		15	1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗		15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

As indicated in the Table 38 above the municipal budget has been fully funded since 2012/13 financial year. Cash and cash equivalents are increasing steadily over the MTREF period from R264 million in 2016/17 to R414 million in 2018/19.

Cash receipts as % of Ratepayers & Other Revenue is projected at 86.3% (2016/17); 86.4% (2017/18) and 87.8% (2018/19) discounted by the rate per annum on Debt Impairment as a % of total revenue excluding Interest on External Investment and Operational Grants.

The cash position of the municipality improved tremendously from 2011 to 2014. As indicated in the chart above, from 31 July 2011 to 31 July 2012 investments increased by R101,944m which constitutes a 146% increase from the previous year's balance of R69,971m. And from 31 July 2012 to 31 July 2013, investments increased by R164,630m constituting a 96% increase year-on-year. It should be noted that investments decreased by R15,954m from 2013 to 2014 which constitutes a decrease of 5%. Investments decreased by R62,711 million from 2014 to 2015 which constitutes a decrease of 20%. This is attributable to various factors inter alia, the accelerated expenditure on capital with the contribution of the municipality's own funds increasing significantly year-on-year. The increase in ESKOM for high demand months as well as loan commitments in respect of the long-term loan taken up by SPLM. The significant increase in Bulk Purchases Water after the metering issue was resolved. The non-approval of electricity tariffs for large consumers also contributed tremendously to this sharp decline. The decline in investments is concerning and must be addressed by management.

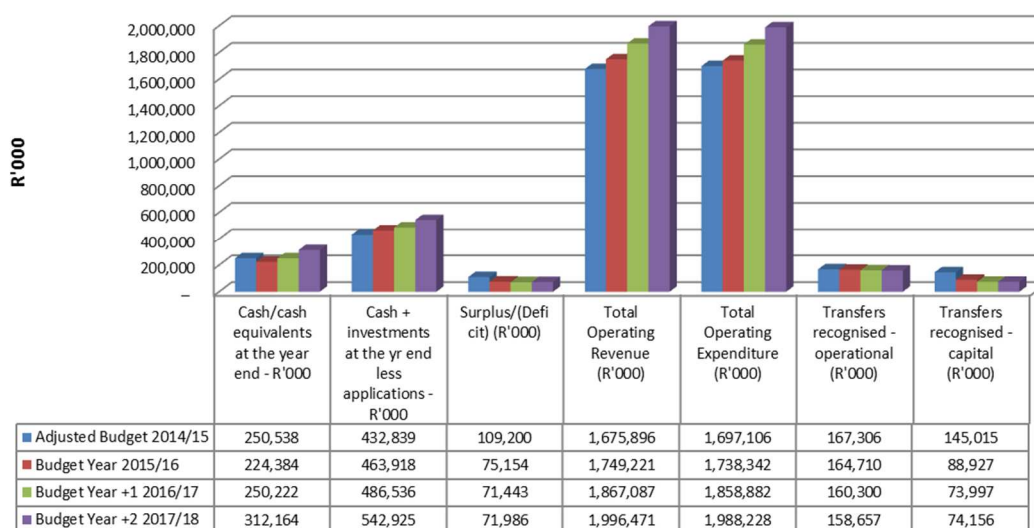
Call investment deposits at year-end



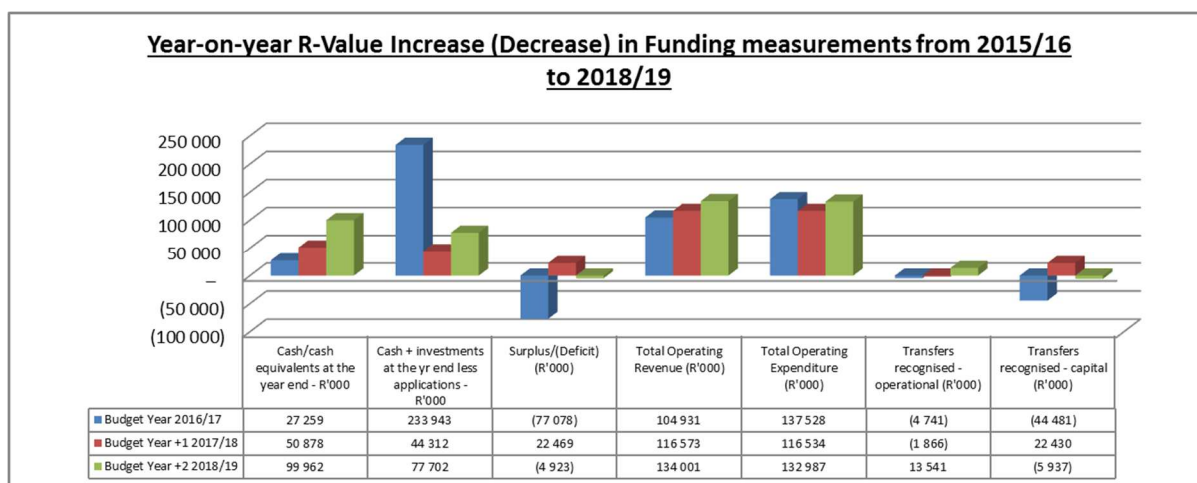
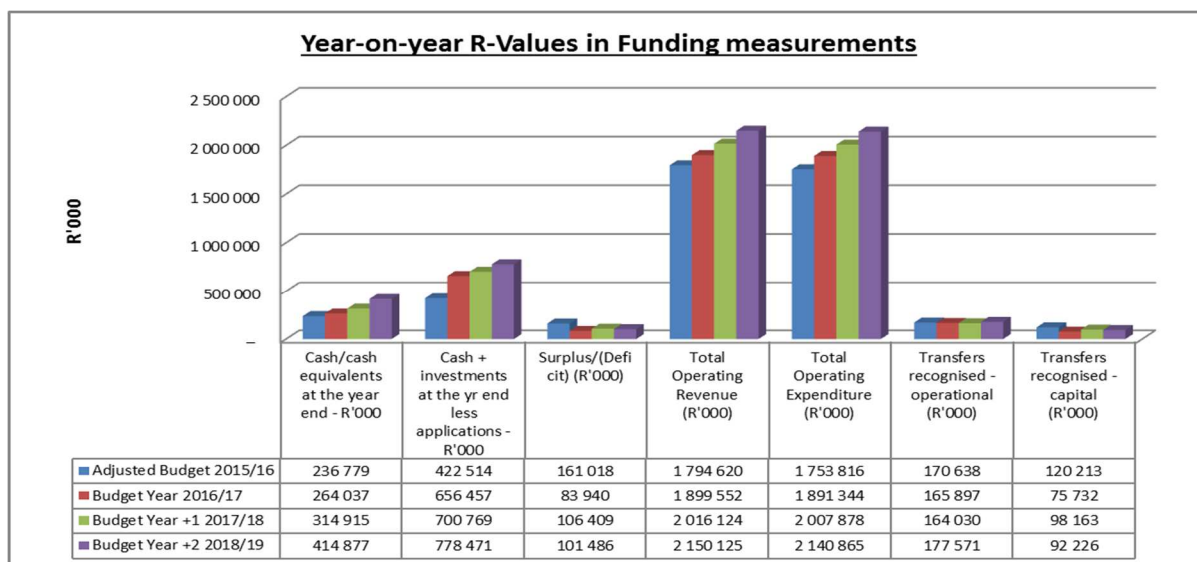
Cash receipts as % of Ratepayers & Other Revenue is projected at 86.1% (2015/16); 86.2% (2016/17) and 86.8% (2017/18) discounted by the rate per annum on Debt Impairment as a % of total revenue excluding Interest on External Investment and Operational Grants. If we consider billable income only, our projected collection rate for 2015/16 is estimated at 89%..

Indicated in the chart below is the year-on-year R-Values in Funding measurements over the 2016/17 MTREF

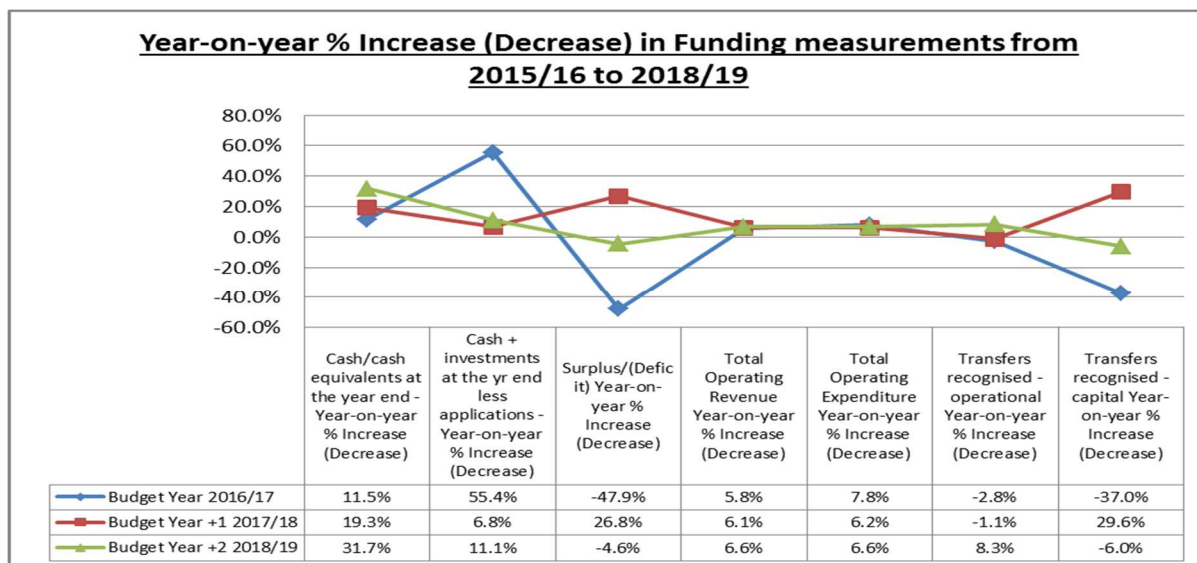
Year-on-year R-Values in Funding measurements



Indicated in the chart below is the R-Value Increase (Decrease) in Funding measurements over the 2016/17 MTREF with the adjusted budget 2015/16 used as a baseline.



Indicated in the chart below is the % Increase (Decrease) in the Funding measurements over the 2016/17 MTREF



10. Expenditure on allocations and grant programmes

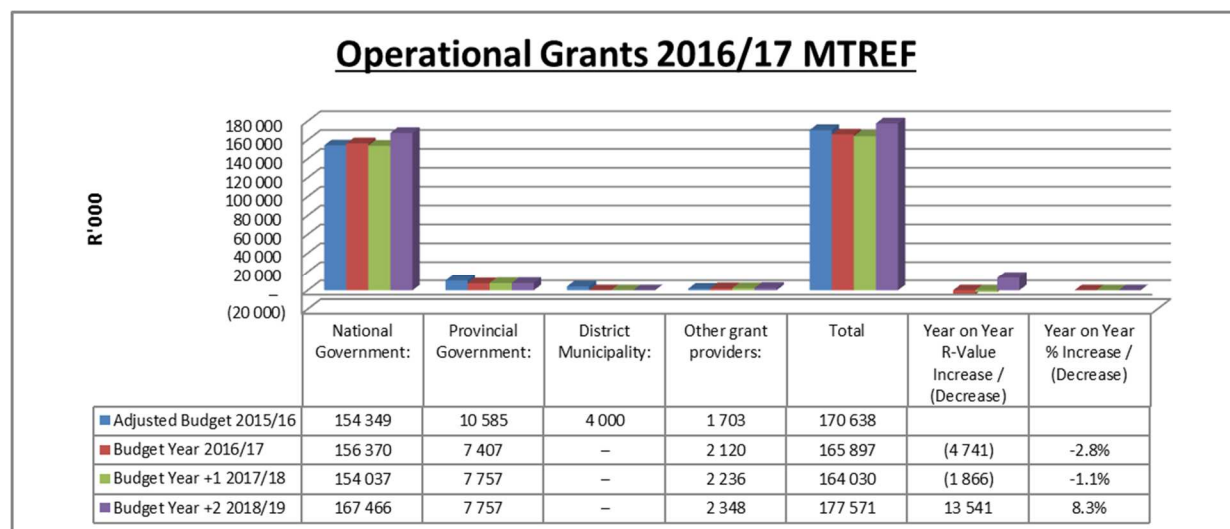
Indicated in the Table 39 below is the summary of expenditure on allocation and grant programme

NC091 Sol Plaatje - Supporting Table SA19 Expenditure on transfers and grant programme

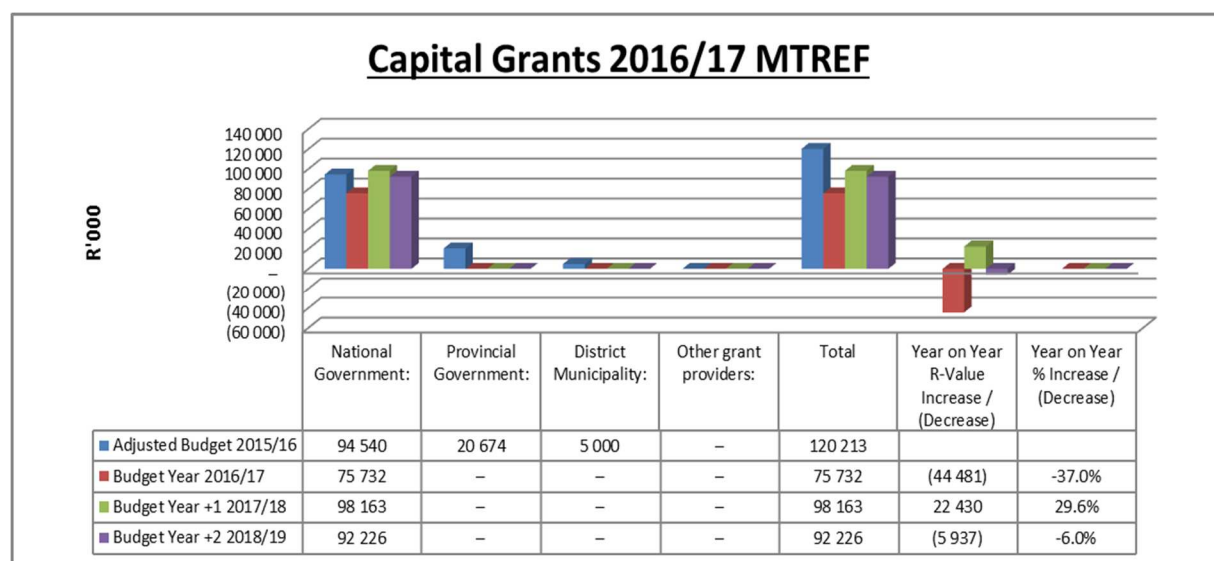
Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	157 830	157 963	156 604	154 349	154 349	154 349	156 370	154 037	167 466
Local Government Equitable Share	146 493	145 905	145 440	143 335	143 335	143 335	144 171	146 972	159 833
Finance Management	1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700	1 700
Municipal Systems Improvement	800	890	934	930	930	930	1 300	1 365	1 433
EPWP Incentive	7 660	6 618	5 330	4 984	4 984	4 984	5 574		
Infrastructure Skills Development	1 377	3 000	3 300	3 500	3 500	3 500	3 700	4 000	4 500
Provincial Government:	6 920	2 571	7 372	10 735	10 585	10 585	7 407	7 757	7 757
Health subsidy	2 525	865	2 809	2 978	2 978	2 978			
COGHSTA	3 100			7 757	7 253	7 253	7 407	7 757	7 757
Library					354	354			
Department of Economic Development & Tourism	1 295	1 706	4 563						
District Municipality:	800	1 800	2 761	-	4 000	4 000	-	-	-
Frances Baard District Municipality	800	1 800	2 761		4 000	4 000			
Other grant providers:	1 315	4 267	1 544	1 703	1 703	1 703	2 120	2 236	2 348
MIG ops	1 215	1 337	1 544	1 703	1 703	1 703	2 120	2 236	2 348
Other grant providers:	100	2 930							
Total operating expenditure of Transfers and Grants	166 865	166 601	168 281	166 787	170 638	170 638	165 897	164 030	177 571
Capital expenditure of Transfers and Grants									
National Government:	97 644	99 126	60 497	64 276	94 540	94 540	75 732	98 163	92 226
Municipal Infrastructure Grant (MIG)	50 674	54 045	45 667	46 626	46 626	46 626	45 432	48 716	51 452
Neighbourhood Development Partnership		7 220		5 000			7 500	20 858	37 420
EDSM	50	4 948							
INEP	15 086	32 914	3 000	7 000	7 000	7 000	7 400	7 989	2 354
Department of Water Affairs	31 833		11 830	5 550	40 914	40 914	15 000	20 000	
INEP (Eskom)				100			400	600	1 000
Provincial Government:	3 240	36 743	47 263	-	20 674	20 674	-	-	-
Department of Water Affairs		20 617							
COGHSTA	3 240	15 165	43 863		20 674	20 674			
DHLG (GURP)		960	3 400						
District Municipality:	1 306	4 284	5 996	-	5 000	5 000	-	-	-
Frances Baard District Municipality	1 306	4 284	5 996		5 000	5 000			
Other grant providers:	7 768	-	-	-	-	-	-	-	-
Transnet	7 768								
Total capital expenditure of Transfers and Grants	109 958	140 153	113 756	64 276	120 213	120 213	75 732	98 163	92 226
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	276 823	306 754	282 036	231 063	290 851	290 851	241 629	262 193	269 797

Indicated in the chart below is the breakdown of operational grants received from National, Provincial, FBDM and Other grant providers. The downward trend as alluded to in the budget assumptions will place serious strain on the municipal available cash reserves. Grants from FBDM have the same budget process than SPM, and therefore all allocations received from the district are factored into the adjustment budget of each year. So indicated below ops grants decrease by R4.741 million or 2.8% from 2015/16 to 2016/17. There is a

marginal decrease of R1.866 million from 2016/17 to 2017/18 and a considerable improvement of R13,541 or 8.3% from 2017/18 to 2018/19



Indicated in the chart below is the breakdown of capital grants received from National, Provincial, FBDM and Other grant providers. The downward trend as alluded to in the budget assumptions will place serious strain on the municipal available cash reserves. In respect of capital grants this will have a dire negative effect on service delivery and the municipality's ability to provide quality and timeous services to the community. Grants from FBDM have the same budget process than SPM, and therefore all allocations received from the district are factored into the adjustment budget of each year. Indicated below capital grants decrease by R44 million or 37% from 2015/16 to 2016/17. And increases by R22 million or 29.6% from 2016/17 to 2017/18; and decrease by R5.9 million or 6% from 2017/18 to 2018/19.



Indicated in the table 40 below is the capital expenditure per grant per project.

Capital Expenditure on allocations and Grant Programmes 2016/17		
Name of Grant	Amount Gazetted	Project/s Funded by Grant
MIG	R 7 589 804	Riverton High Lift Pump
MIG	R 7 112 282	Roads and Stormwater Project 1
MIG	R 4 506 400	Roads and Stormwater Project 2
MIG	R 15 529 813	Upgrade Landfill Site
MIG	R 1 000 000	Lerato Park Civil Works
MIG	R 1 000 000	Lerato Park Sewer
MIG	R 8 694 003	Homevale Satellite Fire Station
Grand Total	R 45 432 302	
Name of Grant	Amount Gazetted	Project Funded by Grant
NDPG	R 7 900 000	Various Transport Links
Grand Total	R 7 900 000	
Name of Grant	Amount Gazetted	Project Funded by Grant
RBIG	R 15 000 000	Water Reticulation - Ritchie
Grand Total	R 15 000 000	
Name of Grant	Amount Gazetted	Project Funded by Grant
INEP	R 7 400 000	Electrification General
Grand Total	R 7 400 000	
Total Capital Grant Expenditure	R 75 732 302	

11. Allocations and grants made by the municipality

NC091 Sol Plaatje - Supporting Table SA21 Transfers and grants made by the municipality

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Cash Transfers to Organisations									
SPCA	650	1 170	1 300	1 400	1 700	1 700	1 500	1 500	1 500
Donation Keep Kimberley Clean	110	120	150	160	160	160	170	180	190
Sol Plaatje Educational trust	177	188	200	210	210	210	220	230	240
Gariep Festival	1 000	1 100	1 300	1 000	1 300	1 300	1 500	1 500	1 500
Diamond and Dorings Festival	676	1 500	1 580	1 800	2 100	2 100	1 500	1 500	1 500
Wildeklawer Tournament (Mayoral Gala)			125	120	120	120	120		
Arts and Culture				100	100	100			
Local Sport Development				160	160	160			
Grant Griqua Diamonds (Cricket)		100	100						
Meals on wheels			50						
South African Junior Chess Championships									
Other	10	75	285	100	1 180	1 180	1 500	1 314	1 356
Total Cash Transfers To Organisations	2 623	4 253	5 070	5 050	7 030	7 030	6 510	6 224	6 286
TOTAL CASH TRANSFERS AND GRANTS	2 623	4 253	5 070	5 050	7 030	7 030	6 510	6 224	6 286
Groups of Individuals									
Indigent Subsidy		15 311	53 124	50 000	50 000	50 000	55 000	58 300	61 507
Total Non-Cash Grants To Groups Of Individuals:	-	15 311	53 124	50 000	50 000	50 000	55 000	58 300	61 507
TOTAL NON-CASH TRANSFERS AND GRANTS	-	15 311	53 124	50 000	50 000	50 000	55 000	58 300	61 507
TOTAL TRANSFERS AND GRANTS	2 623	19 564	58 194	55 050	57 030	57 030	61 510	64 524	67 792

The municipality has contractual obligations entered into both by means of a service level agreement or by way of Council Resolution. To date, a commitment had been made to support the activities of SPCA, Keep Kimberley Clean as well as Sol Plaatje Educational Trust. Annual grants are made to these institutions after which they are expected to submit expenditure reports on the grants allocated and paid.

Further to this, the municipality is a title owner of the annual festival Diamonds and Dorings, which is an arts and culture activity drawing audiences of more than 10 000 into the city during the weekend the event is staged. The event is also recognised in the calendar of the National Department of Arts and Culture and forms part of the Mzantsi Golden Economy Strategy. The event takes place on the Easter Sunday with build-up activities in the week leading to the day of the event.

Gariep Fees is a privately managed and staged event, which forms part of the municipal events calendar. The event takes place towards the end of August to beginning of September. Because of the economic spin-offs and tourism benefit, the municipality is sponsoring the event, financially and in kind by making other services such as Emergency Services, refuse collections etc available during the event. The event takes place over 4 days, from Thursday to Sunday. It is a family picnic and fun-time during this weekend.

The municipality support other good causes in the following disciplines, arts and culture (traditional, visual or otherwise), schools and local sports events and activities.

12. Councillor and board member allowances and employee benefits

Staff costs for the 2015/16 financial year amounts to R597.254 million and is an equivalent of 34% of the total operating expenditure. Based on the three year collective SALGBC agreement, which expire 30 June 2015, salary increases that have been factored into this budget is 7 percent based on CPIX estimates. Inflation-linked increases are estimated for the outer years of the municipality's MTREF. A provision has been made for Task Implementation and annual notch increments.

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). For the purpose of compiling this budget, an inflation based increase has been used to estimate total cost to the municipality for all Councillors. Section 79 committee chairpersons shall remain part time include the Whip of Council.

NC091 Sol Plaatje - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		17 243	12 114	13 557	19 580	14 442	14 442	21 540	22 940	24 316
Pension and UIF Contributions			797	599		659	659			
Medical Aid Contributions			460	494		570	570			
Motor Vehicle Allowance			3 554	3 663		3 816	3 816			
Cellphone Allowance			1 534	1 528		1 513	1 513	1 773	1 888	2 001
Housing Allowances						–	–			
Other benefits and allowances					1 785	365	365			
Sub Total - Councillors		17 243	18 459	19 841	21 365	21 365	21 365	23 312	24 828	26 317
% increase	4		7.1%	7.5%	7.7%	–	–	9.1%	6.5%	6.0%
Senior Managers of the Municipality										
Basic Salaries and Wages		5 189	5 130	5 157	8 595	10 513	10 513	6 473	6 864	7 190
Pension and UIF Contributions		790	815	840	1 540	1 118	1 118	994	1 050	1 105
Medical Aid Contributions		208	192	188	214	100	100	126	133	140
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	1 793	2 008	1 702	2 482	1 805	1 805	1 715	1 814	1 910
Cellphone Allowance	3		102	102	–	202	202	178	188	198
Housing Allowances	3	61	55	55	43	17	17	34	36	37
Other benefits and allowances	3	599	309	333	1 022	45	45	948	1 000	1 000
Payments in lieu of leave			74	80		60	60	63	66	70
Long service awards			29	29		35	35	9	10	11
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		8 639	8 713	8 487	13 896	13 896	13 896	10 539	11 162	11 661
% increase	4		0.9%	(2.6%)	63.7%	(0.0%)	–	(24.2%)	5.9%	4.5%
Other Municipal Staff										
Basic Salaries and Wages		230 550	249 375	268 932	316 508	333 798	333 798	345 992	366 150	386 065
Pension and UIF Contributions		35 642	55 411	34 110	51 332	46 761	46 761	55 535	58 767	61 955
Medical Aid Contributions		30 509	29 797	33 539	39 250	31 240	31 240	42 970	45 481	47 959
Overtime		18 532	21 433	24 635	17 635	17 635	17 635	22 845	23 691	24 960
Performance Bonus										
Motor Vehicle Allowance	3	25 794	28 851	37 074	37 205	32 864	32 864	39 859	42 123	44 333
Cellphone Allowance	3			–	–	1 090	1 090	1 253	1 326	1 397
Housing Allowances	3	1 867	1 615	1 804	1 926	2 532	2 532	2 825	2 989	3 151
Other benefits and allowances	3	41 537	40 979	43 182	54 196	60 472	60 472	56 647	59 133	61 649
Payments in lieu of leave		–	8 664	9 321	10 000	6 322	6 322	11 500	12 190	12 860
Long service awards		8 411	9 075	9 778	12 411	12 077	12 077	13 315	14 088	14 852
Post-retirement benefit obligations	6	33 947	21 669	(7 561)	42 894	42 894	42 894	41 061	45 424	48 621
Sub Total - Other Municipal Staff		426 789	466 870	454 814	583 358	587 684	587 684	633 801	671 363	707 802
% increase	4		9.4%	(2.6%)	28.3%	0.7%	–	7.8%	5.9%	5.4%
Total Parent Municipality		452 671	494 042	483 142	618 619	622 945	622 945	667 652	707 352	745 780
TOTAL SALARY, ALLOWANCES & BENEFITS			9.1%	(2.2%)	28.0%	0.7%	–	7.2%	5.9%	5.4%
		452 671	494 042	483 142	618 619	622 945	622 945	667 652	707 352	745 780
% increase	4		9.1%	(2.2%)	28.0%	0.7%	–	7.2%	5.9%	5.4%
TOTAL MANAGERS AND STAFF	5,7	435 428	475 583	463 301	597 254	601 580	601 580	644 340	682 524	719 462

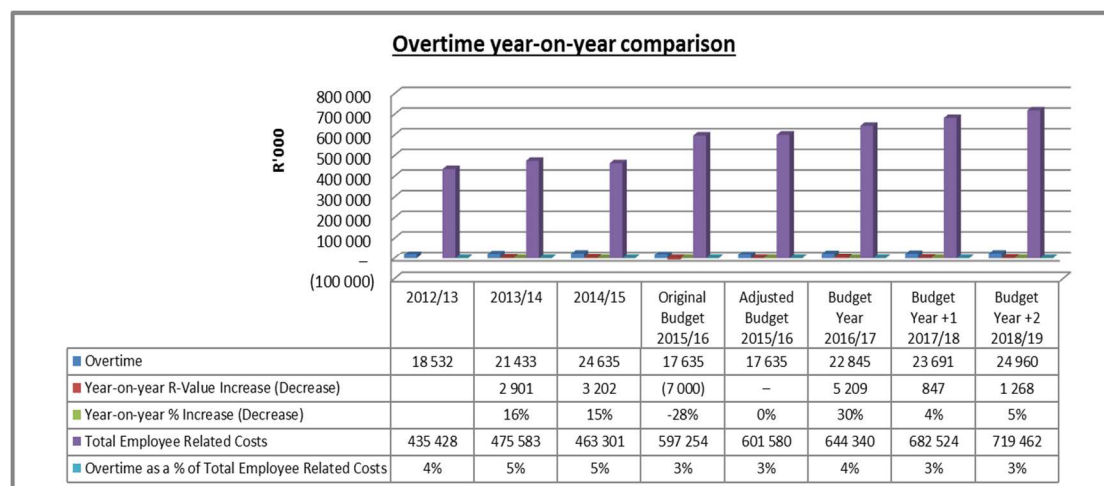
Staff costs for the 2016/17 financial year amounts to R644,340 million and is an equivalent of 34% of the total operating expenditure. Based on the three year collective SALGBC agreement, which expire 30 June 2015, salary increases that have been factored into this budget is 7 percent based on CPIX estimates. Inflation-linked increases are estimated for the outer years of the municipality's MTREF. A provision has been made for Task Implementation and annual notch increments.

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). For the purpose of compiling this budget, an inflation based increase has been used to estimate total cost to the municipality for all Councillors. Section 79 committee chairpersons shall remain part time include the Whip of Council.

Indicated in the table below is the year-on-year % increase on Employee Related Costs from 2015/16 to 2018/19. The increase from the adjusted budget 2015/16 to 2016/17 is 7.1% as a result of TASK implementation and the provision for the annual notch increments. The growth stabilises for the outer two years to 5.9 and 5.4 percent respectively. The growth on councillors remuneration increases by 9% for 2016/17, and 6.5% and 6.0% for the outer two years. Remuneration on Senior Managers translates to a 24.2% decrease for 2016/17 and this attributable to the implementation of the gazette for remuneration packages for municipal managers and managers reporting to municipal manager and stabilises to 5.9% and 4.5% for the outer two years

Description	Current Year 2014/15		Budget Year 2015/16	2015/16 Medium Term Revenue & Expenditure Framework					
	Original Budget	Adjusted Budget		% Increase Original Budget	% Increase Adjusted Budget	Budget Year +1 2016/17	% Increase 2016/17	Budget Year +2 2017/18	% Increase /2017/18
R thousand									
Sub Total - Councillors	19 968	19 968	21 365	7.0%	7.0%	22 647	6.0%	24 006	6.0%
Sub Total - Senior Managers of Municipality	10 628	10 628	13 896	30.8%	30.8%	14 638	5.3%	15 368	5.0%
Sub Total - Other Municipal Staff	536 996	540 996	583 358	8.6%	7.8%	620 418	6.4%	657 056	5.9%
TOTAL SALARY, ALLOWANCES & BENEFITS	567 591	571 591	618 619	9.0%	8.2%	657 703	6.3%	696 430	5.9%
TOTAL MANAGERS AND STAFF	547 624	551 624	597 254	9.1%	8.3%	635 056	6.3%	672 424	5.9%

Indicated in the chart below is the year-on-year actuals and budget on Overtime. It should be noted that budgeting for overtime is done very conservatively and the unpredictable nature also makes it difficult to budget for it in totality. We attempt to keep the budget on Overtime at an average of 3% against the total Employee Related Costs.



13. Monthly revenue and expenditure; cash-flow and capital expenditure targets

NC091 Sol Plaatje - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source															
Property rates	196 920	26 785	26 624	26 404	26 110	25 238	25 905	25 418	25 418	25 418	27 040	29 429	486 708	518 468	552 991
Property rates - penalties & collection charges													-	-	-
Service charges - electricity revenue	61 730	60 697	61 693	55 846	56 749	55 395	55 395	55 846	55 846	55 846	55 846	69 661	700 551	752 170	806 806
Service charges - water revenue	18 500	18 500	18 968	18 748	19 000	22 000	22 000	22 000	21 000	19 000	19 000	36 388	255 104	270 256	287 454
Service charges - sanitation revenue	6 050	6 082	6 068	6 057	6 069	6 060	6 074	6 066	6 066	6 066	6 066	8 726	75 450	79 912	84 504
Service charges - refuse revenue	4 504	4 490	4 503	4 497	4 500	4 498	4 510	4 500	4 500	4 500	4 500	7 282	56 783	60 137	63 581
Service charges - other													-	-	-
Rental of facilities and equipment	813	868	871	875	900	852	876	1 219	749	1 060	1 060	548	10 690	11 384	12 067
Interest earned - external investments	79	559	1 182	1 187	109	709	535	1 500	1 500	2 000	3 000	6 639	19 000	21 000	23 000
Interest earned - outstanding debtors	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	70 000	76 000	76 000
Dividends received													-	-	-
Fines	580	1 312	667	847	2 318	528	73	2 101	2 101	2 101	2 101	2 151	16 880	17 901	18 827
Licences and permits	290	254	203	198	239	227	518	265	265	265	265	281	3 270	3 435	3 622
Agency services	523	523	523	523	523	640	424	523	523	523	523	509	6 280	6 594	6 957
Transfers recognised - operational	70 500				7 500	52 000			35 500			397	165 897	164 030	177 571
Other revenue	2 745	2 745	2 745	2 500	2 500	3 225	2 200	2 745	2 745	2 745	2 405	3 639	32 939	34 836	36 744
Gains on disposal of PPE													-	-	-
Total Revenue (excluding capital transfers and	369 068	128 649	129 879	123 517	132 349	177 205	124 345	128 016	162 046	125 357	127 639	171 483	1 899 552	2 016 124	2 150 125
Expenditure By Type															
Employee related costs	47 543	48 000	48 100	48 070	48 448	58 926	49 739	48 475	48 475	48 000	48 000	102 564	644 340	682 524	719 462
Remuneration of councillors	1 782	1 749	1 744	1 744	1 744	1 744	1 744	2 524	2 524	1 846	1 846	2 324	23 312	24 828	26 317
Debt impairment			190 500										190 500	202 655	218 021
Depreciation & asset impairment			13 913			13 913			13 913			13 913	55 650	60 967	65 480
Finance charges						13 879						13 879	27 757	26 776	25 762
Bulk purchases	159	59 307	55 296	36 665	39 281	38 219	39 990	39 494	39 329	39 009	30 610	89 142	506 500	548 470	593 943
Other materials	7 700	7 700	6 679	7 367	6 149	6 500	7 000	7 500	7 560	7 128	7 500	62 124	140 908	141 786	154 263
Contracted services	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	34 363	36 276	38 153
Transfers and grants	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	61 510	64 524	67 792
Other expenditure	16 000	19 526	18 000	18 462	18 548	14 954	15 445	16 655	16 655	16 655	16 655	18 947	206 503	219 072	231 672
Loss on disposal of PPE													-	-	-
Total Expenditure	81 173	144 271	342 220	120 298	122 159	156 123	121 908	122 637	136 445	120 628	112 600	310 882	1 891 344	2 007 878	2 140 865
Surplus/(Deficit)	287 895	(15 622)	(212 342)	3 219	10 190	21 082	2 437	5 379	25 601	4 729	15 039	(139 399)	8 208	8 246	9 260
Transfers recognised - capital	5 000		55 200					15 532					75 732	98 163	92 226
Contributions recognised - capital													-	-	-
Contributed assets													-	-	-
Surplus/(Deficit) after capital transfers & contributions	292 895	(15 622)	(157 142)	3 219	10 190	21 082	2 437	20 911	25 601	4 729	15 039	(139 399)	83 940	106 409	101 486
Taxation													-	-	-
Attributable to minorities													-	-	-
Share of surplus/ (deficit) of associate													-	-	-
Surplus/(Deficit)	292 895	(15 622)	(157 142)	3 219	10 190	21 082	2 437	20 911	25 601	4 729	15 039	(139 399)	83 940	106 409	101 486

NC091 SoI Plaatje - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source															
Property rates	22 500	50 100	48 309	44 200	45 603	57 505	50 100	22 500	22 500	22 500	22 500	39 455	447 772	466 622	503 222
Property rates - penalties & collection charges												-			
Service charges - electricity revenue	54 200	55 602	51 958	51 958	50 500	48 506	51 958	49 500	48 200	48 700	53 200	65 515	629 795	680 714	742 261
Service charges - water revenue	19 388	19 150	19 150	17 150	18 361	19 200	19 200	19 200	19 200	19 150	18 920	15 530	223 599	243 230	261 583
Service charges - sanitation revenue	5 150	5 150	5 500	5 500	5 500	5 000	6 200	5 595	5 595	5 595	5 800	5 811	66 396	71 442	76 899
Service charges - refuse revenue	3 900	4 000	4 000	4 211	4 100	4 500	4 500	4 211	4 211	4 211	4 211	3 925	49 980	54 002	58 423
Service charges - other												-			
Rental of facilities and equipment	850	850	850	850	850	850	902	902	902	902	902	1 080	10 690	11 384	12 067
Interest earned - external investments	1 100	1 100	1 182	1 187	1 182	1 182	1 200	1 583	1 583	1 583	1 583	4 535	19 000	21 000	23 000
Interest earned - outstanding debtors	1 433	1 433	1 433	1 433	1 350	1 312	1 433	1 433	1 433	1 433	1 433	1 941	17 500	19 000	19 000
Dividends received												-			
Fines	650	650	703	703	780	800	680	625	701	702	705	741	8 440	8 950	9 414
Licences and permits	273	273	273	273	273	305	280	250	273	273	273	251	3 270	3 435	3 622
Agency services	523	523	523	523	523	640	424	523	523	523	523	509	6 280	6 584	6 957
Transfer receipts - operational	70 500				7 500	52 000			35 500			397	165 897	164 030	177 571
Other revenue	2 745	2 745	2 745	2 500	2 500	3 225	2 200	2 745	2 745	2 745	2 405	3 639	32 939	34 836	36 744
Cash Receipts by Source	183 212	141 576	136 625	130 488	139 022	195 025	139 077	109 067	143 366	108 317	112 455	143 327	1 681 557	1 785 239	1 930 763
Other Cash Flows by Source															
Transfer receipts - capital	5 000		55 200					15 532				0	75 732	98 163	92 226
Contributions recognised - capital & Contributed assets												-			
Proceeds on disposal of PPE												-			
Short term loans												-			
Borrowing long term/refinancing												-			
Increase (decrease) in consumer deposits												-			
Decrease (increase) in non-current debtors												-			
Decrease (increase) other non-current receivables												-			
Decrease (increase) in non-current investments												-			
Total Cash Receipts by Source	188 212	141 576	191 825	130 488	139 022	195 025	139 077	124 599	143 366	108 317	112 455	143 328	1 757 289	1 883 402	2 022 989
Cash Payments by Type															
Employee related costs	47 543	48 000	48 100	48 070	48 448	58 926	49 739	48 475	48 475	48 000	48 000	102 564	644 340	682 524	719 462
Remuneration of councillors	1 782	1 749	1 744	1 744	1 744	1 744	1 744	2 524	2 524	1 846	1 846	2 324	23 312	24 828	26 317
Finance charges						13 879						13 879	27 757	26 776	25 762
Bulk purchases - Electricity	45 125	48 880	31 100	31 142	31 145	33 560	34 456	33 440	31 112	32 780	35 129	46 131	434 000	468 720	506 218
Bulk purchases - Water & Sewer		7 581	8 200	8 750	9 950	10 799	10 900	8 200	8 120			-	72 500	79 750	87 725
Other materials	7 700	7 700	6 679	7 367	6 149	6 500	7 000	7 500	7 560	7 128	7 500	62 124	140 908	141 786	154 263
Contracted services	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	34 363	36 276	38 153
Transfers and grants - other municipalities												-			
Transfers and grants - other	1 500	1 510		2 000			1 500					-	6 510	6 224	6 286
Other expenditure	16 000	19 526	18 000	18 462	18 548	14 954	15 445	16 655	16 655	16 655	16 655	18 946	206 503	219 072	231 672
Cash Payments by Type	122 513	137 809	116 687	120 399	118 848	143 225	123 648	119 657	117 309	109 272	111 993	248 832	1 590 193	1 685 956	1 795 858
Other Cash Flows/Payments by Type															
Capital assets	5 500	5 650	5 700	5 700	6 250	6 800	7 350	9 500	11 000	12 250	14 650	27 822	118 172	137 309	117 765
Repayment of borrowing						4 123						4 123	8 246	9 260	9 404
Other Cash Flows/Payments												-			
Total Cash Payments by Type	128 013	143 459	122 387	126 099	125 098	154 148	130 998	129 157	128 309	121 522	126 643	280 777	1 716 612	1 832 524	1 923 027
NET INCREASE/(DECREASE) IN CASH HELD	60 199	(1 883)	69 439	4 389	13 924	40 877	8 079	(4 558)	15 057	(13 205)	(14 188)	(137 450)	40 678	50 878	99 962
Cash/cash equivalents at the month/year begin:	223 360	283 558	281 675	351 114	355 503	369 427	410 304	418 382	413 824	428 881	415 675	401 487	223 360	264 037	314 915
Cash/cash equivalents at the month/year end:	283 558	281 675	351 114	355 503	369 427	410 304	418 382	413 824	428 881	415 675	401 487	264 037	264 037	314 915	414 877

NC091 Sol Plaatje - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Multi-year expenditure to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL												-	-	-	-
Vote 2 - MUNICIPAL AND GENERAL												-	-	-	-
Vote 3 - MUNICIPAL MANAGER												-	-	-	-
Vote 4 - CORPORATE SERVICES												-	-	-	-
Vote 5 - COMMUNITY SERVICES	500	250	250	500	350	420	450	600	650	450	2 000	2 274	8 694	966	-
Vote 6 - FINANCIAL SERVICES												-	-	-	-
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING				400	450	500	550	600	650	700	1 450	2 600	7 900	23 458	40 420
Vote 8 - INFRASTRUCTURE AND SERVICES	5 000	5 350	5 400	4 700	5 250	5 480	5 900	7 800	9 000	9 850	8 500	17 348	89 578	103 885	68 345
Capital multi-year expenditure sub-total	5 500	5 600	5 650	5 600	6 050	6 400	6 900	9 000	10 300	11 000	11 950	22 222	106 172	128 309	108 765
Single-year expenditure to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL												3 000	3 000	3 000	3 000
Vote 2 - MUNICIPAL AND GENERAL												-	-	-	-
Vote 3 - MUNICIPAL MANAGER												-	-	-	-
Vote 4 - CORPORATE SERVICES												-	-	-	-
Vote 5 - COMMUNITY SERVICES												-	-	-	-
Vote 6 - FINANCIAL SERVICES		50	50	50	100	250	250	250	400	750	1 500	1 350	5 000	2 000	2 000
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING												-	-	-	-
Vote 8 - INFRASTRUCTURE AND SERVICES				50	100	150	200	250	300	500	1 200	1 250	4 000	4 000	4 000
Capital single-year expenditure sub-total	-	50	50	100	200	400	450	500	700	1 250	2 700	5 600	12 000	9 000	9 000
Total Capital Expenditure	5 500	5 650	5 700	5 700	6 250	6 800	7 350	9 500	11 000	12 250	14 650	27 822	118 172	137 309	117 765

14. Annual budgets by Municipal Vote

Expenditure by Vote

The municipal expenditure takes place at vote level, represented by directorate. The Infrastructure & Services Directorate is responsible for installation, maintenance and upgrade of infrastructure, and at operational level, the operating of facilities and equipment to provide basic services. The major services performed in this directorate include water purification, distribution and related infrastructure for billing purposes, electricity demand side management, bulk purchases, test and metering installation, operating and maintenance of systems and network as well as ensure safety use of electricity including street lights.

The municipality has its own Mechanical Workshop and all municipal vehicles are maintained and repaired through the workshop. Management of rental housing stock as well as implementation of low cost housing subsidies for beneficiaries is also the responsibility of the directorate. The municipality is managing more than 527km of tarred road, 223 gravel roads and storm water throughout the City.

Community Services and Social Development is responsible for various core, non-core or unfunded mandates such as libraries, resorts and primary health. Environmental health and local sports is one of the core functions. This encompasses cemeteries, refuse collection and landfill sites, the main.

Strategy, Economic Development & Planning Services are responsible for township establishment, local economic development and building inspectorate as their main business. This directorate is also responsible for implementation of Urban Renewal and Neighbourhood Development Partnership Grants.

Indicated in the tables below are the breakdown per on expenditure and revenue per municipal vote.

MUNICIPAL VOTE	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2016/17 R'000	Budget Year +1 2017/18 R'000	Budget Year +2 2018/19 R'000
EXECUTIVE AND COUNCIL			
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	12 277	12 952	13 599
MS - SOCIAL CONTRIBUTIONS	1 250	1 319	1 385
REMUNERATION OF COUNCILLORS	23 312	24 828	26 317
CONTRACTED SERVICES	–	–	–
OPERATIONAL COST	5 042	5 319	5 585
INVENTORY	77	81	85
TRANSFERS AND SUBSIDIES	660	696	731
TOTAL EXPENDITURE	42 618	45 195	47 703
OTHER REVENUE	–	–	–
TOTAL REVENUE	–	–	–

MUNICIPAL VOTE	2016/17 Medium Term Revenue &		
	Budget Year 2016/17 R'000	Budget Year +1 2017/18 R'000	Budget Year +2 2018/19 R'000
MUNICIPAL AND GENERAL			
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	54 561	58 983	62 227
MS - SOCIAL CONTRIBUTIONS	7 000	7 420	7 828
REMUNERATION OF COUNCILLORS	–	–	–
CONTRACTED SERVICES	4 555	4 585	4 614
OPERATIONAL COST	65 430	69 208	72 874
INVENTORY	37 494	31 973	38 024
BULK PURCHASES	–	–	–
INTEREST DIVIDENDS AND RENT ON LAND	425	378	361
OPERATING LEASES	–	–	–
BAD DEBTS WRITTEN OFF	81 000	84 000	89 000
TRANSFERS AND SUBSIDIES	60 400	63 350	66 557
DEPRECIATION AND AMORTISATION	39 500	41 870	44 173
TOTAL EXPENDITURE	350 365	361 767	385 657
FINES PENALTIES AND FORFEITS	–	–	–
LICENSES AND PERMITS	–	–	–
OPERATIONAL : MONETARY	149 745	146 972	159 833
CAPITAL : MONETARY	75 732	98 163	92 226
SERVICE CHARGES	–	–	–
INTEREST DIVIDENDS AND RENT ON LAND	89 000	97 000	99 000
AGENCY SERVICES	–	–	–
OPERATIONAL REVENUE	3 728	3 921	4 109
RENTAL FROM FIXED ASSETS	–	–	–
SALES OF GOODS AND RENDERING OF SERVICES	–	–	–
TOTAL REVENUE	318 205	346 056	355 168

MUNICIPAL VOTE	2016/17 Medium Term Revenue &		
	Budget Year 2016/17 R'000	Budget Year +1 2017/18 R'000	Budget Year +2 2018/19 R'000
MUNICIPAL MANAGER			
SM - SALARIES ALLOWANCES AND SERVICES BENEFITS	1 878	1 981	2 080
SM - SOCIAL CONTRIBUTIONS	307	324	340
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	11 714	12 358	12 976
MS - SOCIAL CONTRIBUTIONS	2 407	2 540	2 667
CONTRACTED SERVICES	2 800	2 954	3 102
OPERATIONAL COST	1 287	1 358	1 426
INVENTORY	663	699	734
INTEREST DIVIDENDS AND RENT ON LAND	–	–	–
OPERATING LEASES	–	–	–
TOTAL EXPENDITURE	21 056	22 214	23 324
TRANSFERS AND SUBSIDIES	2 120	2 236	2 348
SALES OF GOODS AND RENDERING OF SERVICES	–	–	–
TOTAL REVENUE	2 120	2 236	2 348

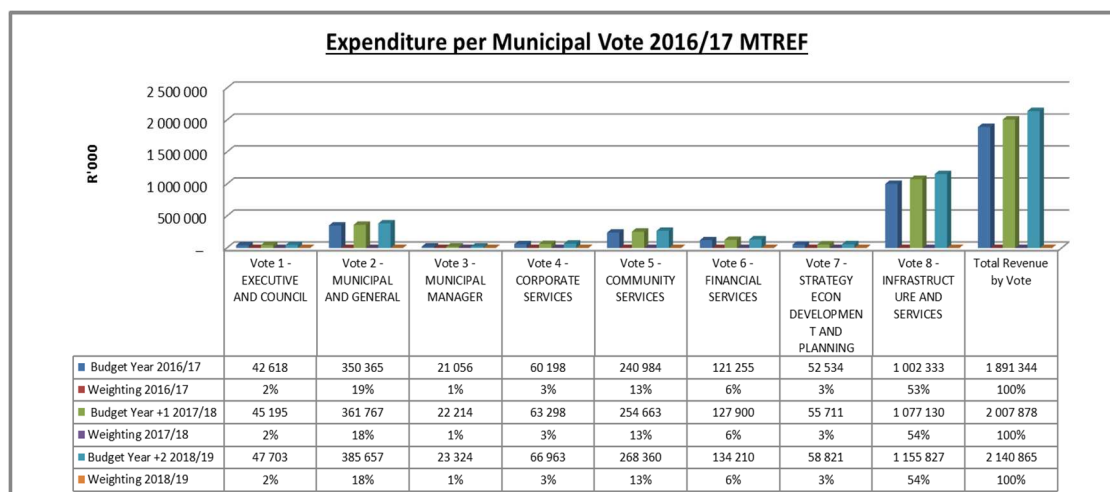
MUNICIPAL VOTE	2016/17 Medium Term Revenue &		
	Budget Year 2016/17 R'000	Budget Year +1 2017/18 R'000	Budget Year +2 2018/19 R'000
CORPORATE SERVICES			
SM - SALARIES ALLOWANCES AND SERVICES BENEFITS	1 087	1 152	1 216
SM - SOCIAL CONTRIBUTIONS	184	195	206
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	38 096	39 838	41 964
MS - SOCIAL CONTRIBUTIONS	8 260	8 741	9 206
CONTRACTED SERVICES	262	278	293
OPERATIONAL COST	8 586	9 158	9 929
INVENTORY	3 723	3 937	4 150
TRANSFERS AND SUBSIDIES	–	–	–
INTEREST DIVIDENDS AND RENT ON LAND	–	–	–
OPERATING LEASES	–	–	–
BAD DEBTS WRITTEN OFF	–	–	–
TRANSFERS AND SUBSIDIES	–	–	–
DEPRECIATION AND AMORTISATION	–	–	–
TOTAL EXPENDITURE	60 198	63 298	66 963
TRANSFERS AND SUBSIDIES	3 700	4 000	4 500
SERVICE CHARGES	–	–	–
INTEREST DIVIDENDS AND RENT ON LAND	–	–	–
AGENCY SERVICES	–	–	–
OPERATIONAL REVENUE	–	–	–
RENTAL FROM FIXED ASSETS	–	–	–
SALES OF GOODS AND RENDERING OF SERVICES	2 928	3 104	3 275
TOTAL REVENUE	6 628	7 104	7 775

MUNICIPAL VOTE	2016/17 Medium Term Revenue &		
	Budget Year 2016/17 R'000	Budget Year +1 2017/18 R'000	Budget Year +2 2018/19 R'000
COMMUNITY SERVICES			
SM - SALARIES ALLOWANCES AND SERVICES BENEFITS	1 206	1 279	1 349
SM - SOCIAL CONTRIBUTIONS	139	147	155
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	150 533	158 884	167 354
MS - SOCIAL CONTRIBUTIONS	36 615	38 676	40 773
CONTRACTED SERVICES	1 092	1 154	1 217
OPERATIONAL COST	17 237	18 196	19 174
INVENTORY	32 163	33 969	35 821
INTEREST DIVIDENDS AND RENT ON LAND	–	–	–
OPERATING LEASES	–	–	–
BAD DEBTS WRITTEN OFF	–	–	–
TRANSFERS AND SUBSIDIES	150	158	166
DEPRECIATION AND AMORTISATION	1 850	2 200	2 350
TOTAL EXPENDITURE	240 984	254 663	268 360
FINES PENALTIES AND FORFEITS	12 160	12 890	13 599
LICENSES AND PERMITS	2 985	3 134	3 307
TRANSFERS AND SUBSIDIES	7 407	7 757	7 757
SERVICE CHARGES	56 783	60 137	63 581
INTEREST DIVIDENDS AND RENT ON LAND	–	–	–
AGENCY SERVICES	–	–	–
OPERATIONAL REVENUE	6 530	6 857	7 234
RENTAL FROM FIXED ASSETS	80	85	89
SALES OF GOODS AND RENDERING OF SERVICES	9 663	10 240	10 802
TOTAL REVENUE	95 609	101 100	106 369

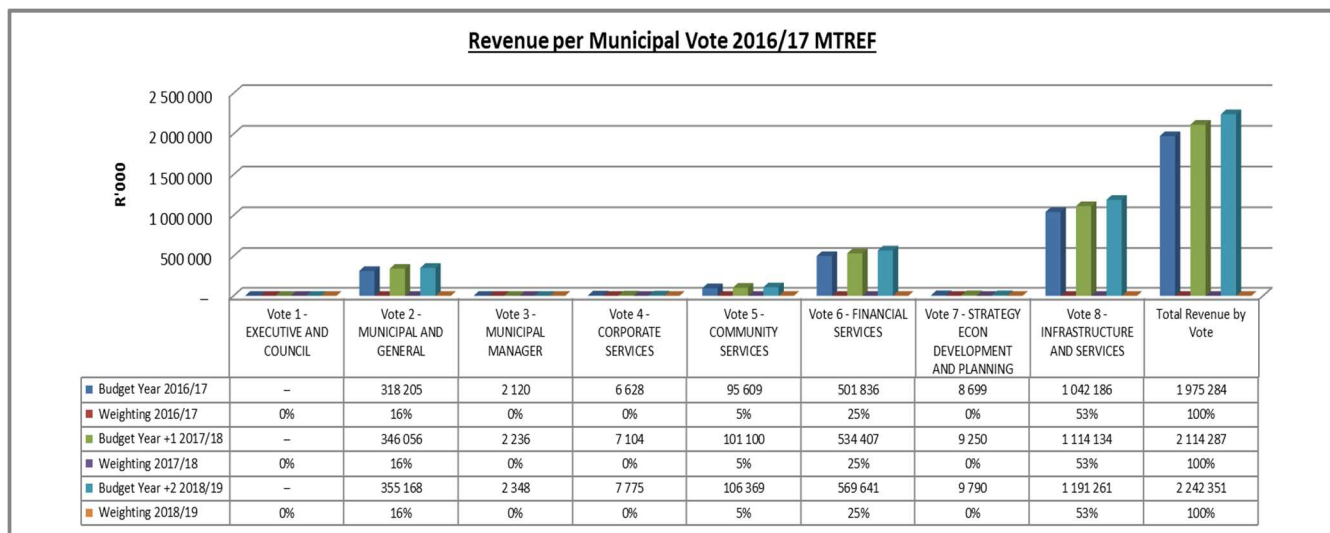
MUNICIPAL VOTE	2016/17 Medium Term Revenue &		
	Budget Year 2016/17 R'000	Budget Year +1 2017/18 R'000	Budget Year +2 2018/19 R'000
STRATEGY,ECONOMIC DEVELOPMENT AND PLANNING			
SM - SALARIES ALLOWANCES AND SERVICES BENEFITS	1 176	1 241	1 303
SM - SOCIAL CONTRIBUTIONS	210	221	232
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	32 159	34 111	36 021
MS - SOCIAL CONTRIBUTIONS	6 818	7 230	7 632
CONTRACTED SERVICES	657	696	735
OPERATIONAL COST	4 387	4 657	4 924
INVENTORY	7 128	7 555	7 974
INTEREST DIVIDENDS AND RENT ON LAND	-	-	-
OPERATING LEASES	-	-	-
TRANSFERS AND SUBSIDIES	-	-	-
DEPRECIATION AND AMORTISATION	-	-	-
TOTAL EXPENDITURE	52 534	55 711	58 821
FINES PENALTIES AND FORFEITS	-	-	-
LICENSES AND PERMITS	-	-	-
TRANSFERS AND SUBSIDIES	-	-	-
INTEREST DIVIDENDS AND RENT ON LAND	-	-	-
OPERATIONAL REVENUE	270	286	302
RENTAL FROM FIXED ASSETS	810	863	914
SALES OF GOODS AND RENDERING OF SERVICES	7 619	8 101	8 573
TOTAL REVENUE	8 699	9 250	9 790

MUNICIPAL VOTE	2016/17 Medium Term Revenue &		
	Budget Year 2016/17 R'000	Budget Year +1 2017/18 R'000	Budget Year +2 2018/19 R'000
FINANCIAL SERVICES			
SM - SALARIES ALLOWANCES AND SERVICES BENEFITS	1 325	1 398	1 468
SM - SOCIAL CONTRIBUTIONS	176	185	195
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	81 479	85 960	90 258
MS - SOCIAL CONTRIBUTIONS	17 838	18 819	19 760
CONTRACTED SERVICES	1 169	1 233	1 295
OPERATIONAL COST	15 679	16 532	17 281
INVENTORY	3 590	3 772	3 953
INTEREST DIVIDENDS AND RENT ON LAND	-	-	-
OPERATING LEASES	-	-	-
BAD DEBTS WRITTEN OFF	-	-	-
TRANSFERS AND SUBSIDIES	-	-	-
DEPRECIATION AND AMORTISATION	-	-	-
TOTAL EXPENDITURE	121 255	127 900	134 210
PROPERTY RATES	486 708	518 468	552 991
FINES PENALTIES AND FORFEITS	11 000	11 605	12 185
LICENSES AND PERMITS	285	301	316
TRANSFERS AND SUBSIDIES	2 925	3 065	3 133
SERVICE CHARGES	-	-	-
INTEREST DIVIDENDS AND RENT ON LAND	-	-	-
AGENCY SERVICES	-	-	-
OPERATIONAL REVENUE	918	968	1 016
RENTAL FROM FIXED ASSETS	-	-	-
SALES OF GOODS AND RENDERING OF SERVICES	-	-	-
TOTAL REVENUE	501 836	534 407	569 641

MUNICIPAL VOTE	2016/17 Medium Term Revenue &		
	Budget Year 2016/17 R'000	Budget Year +1 2017/18 R'000	Budget Year +2 2018/19 R'000
INFRASTRUCTURE			
SM - SALARIES ALLOWANCES AND SERVICES BENEFITS	1 189	1 260	1 330
SM - SOCIAL CONTRIBUTIONS	168	178	187
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	143 087	151 993	160 711
MS - SOCIAL CONTRIBUTIONS	31 202	33 141	35 041
REMUNERATION OF COUNCILLORS	—	—	—
CONTRACTED SERVICES	23 828	25 376	26 897
OPERATIONAL COST	60 721	64 842	69 045
INVENTORY	156 707	169 352	182 681
BULK PURCHASES	434 000	468 720	506 218
INTEREST DIVIDENDS AND RENT ON LAND	27 332	26 397	25 400
OPERATING LEASES	—	—	—
BAD DEBTS WRITTEN OFF	109 500	118 655	129 021
TRANSFERS AND SUBSIDIES	300	320	339
DEPRECIATION AND AMORTISATION	14 300	16 897	18 958
TOTAL EXPENDITURE	1 002 333	1 077 130	1 155 827
SERVICE CHARGES	1 031 104	1 102 338	1 178 764
OPERATIONAL REVENUE	2	2	2
RENTAL FROM FIXED ASSETS	9 800	10 437	11 063
SALES OF GOODS AND RENDERING OF SERVICES	1 280	1 357	1 431
TOTAL REVENUE	1 042 186	1 114 134	1 191 261



Indicated in the chart above is the annual expenditure budget and weighting per Municipal Vote. The following can be derived at, Vote 8 - Infrastructure and Services is the municipality's highest cost driver and the bulk of the budget gets allocated to this vote, amounting to 53% (2016/17); 54% (2017/18) and 54% (2018/19). The second largest vote is Vote 2 - Municipal and General under which is standing at 19% (2016/17); 18% (2017/18) and 18% (2018/19). The bulk of the cost drivers are grants and subsidies, pertaining to indigents which is provided for, post health retirement benefits under Employee Related Costs, depreciation for majority of assets excluding services and provision for bad debt. The third largest is Vote 5 – Community Services with an average weighting of 13% per annum for the MTREF.



Indicated in the chart above is the annual revenue budget and weighting per Municipal Vote. The following can be derived at, Vote 8 - Infrastructure and Services is the municipality's biggest revenue contributor i.r.o services rendered, amounting to an average weighting of 53% over the MTREF. The second largest vote is Vote 6 – Financial Services as a result of Property Rates being provided for here which is averaging at 25% for the MTREF. The third largest contributor is Vote 2 – Municipal and General with an average weighting of 16% Interest on External Investment and Outstanding Debtors, Grants and subsidies for eg Equitable Share and capital grant being provided for here **Annual budget Property Rates and by Major services**

PROPERTY RATES	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	R'000	R'000	R'000
EXPENDITURE			
SM - SALARIES ALLOWANCES AND SERVICES BENEFITS	6 524	6 894	7 250
SM - SOCIAL CONTRIBUTIONS	776	819	861
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	411 369	435 841	459 247
MS - SOCIAL CONTRIBUTIONS	86 688	91 717	96 671
REMUNERATION OF COUNCILLORS	23 312	24 828	26 317
CONTRACTED SERVICES	10 720	11 097	11 464
OPERATIONAL COST	123 616	130 783	137 924
INVENTORY	75 863	72 637	81 016
INTEREST DIVIDENDS AND RENT ON LAND	425	378	361
OPERATING LEASES	-	-	-
BAD DEBTS WRITTEN OFF	81 000	84 000	89 000
TRANSFERS AND SUBSIDIES	61 210	64 205	67 454
DEPRECIATION AND AMORTISATION	39 500	41 870	44 173
TOTAL EXPENDITURE	921 003	965 068	1 021 737
INCOME			
PROPERTY RATES	486 708	518 468	552 991
FINES PENALTIES AND FORFEITS	23 160	24 495	25 784
LICENSES AND PERMITS	3 270	3 435	3 622
TRANSFERS AND SUBSIDIES	165 897	164 030	177 571
CAPITAL : MONETARY	75 732	98 163	92 226
SERVICE CHARGES			
INTEREST DIVIDENDS AND RENT ON LAND	89 000	97 000	99 000
AGENCY SERVICES	-	-	-
OPERATIONAL REVENUE	11 448	12 034	12 663
RENTAL FROM FIXED ASSETS	10 690	11 384	12 067
SALES OF GOODS AND RENDERING OF SERVICES	20 191	21 424	22 628
CONTRA ACCOUNTS	-	-	-
TOTAL REVENUE	886 097	950 434	998 552

ELECTRICITY	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	R'000	R'000	R'000
EXPENDITURE			
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	30 837	32 752	34 623
MS - SOCIAL CONTRIBUTIONS	6 440	6 838	7 226
CONTRACTED SERVICES	23 595	25 128	26 635
OPERATIONAL COST	3 996	4 275	4 549
INVENTORY	19 407	20 575	21 711
BULK PURCHASES	434 000	468 720	506 218
INTEREST DIVIDENDS AND RENT ON LAND	19 367	18 753	18 061
OPERATING LEASES	–	–	–
BAD DEBTS WRITTEN OFF	79 500	86 655	94 021
TRANSFERS AND SUBSIDIES	300	320	339
CAPITAL : MONETARY	–	–	–
DEPRECIATION AND AMORTISATION	4 800	5 251	5 671
CONTRA ACCOUNTS REVENUE			
COST OF FREE BASIC SERVICES DELIVERED			
REVENUE COST OF FREE BASIC SERVICES			
GAINS AND LOSSES			
TOTAL EXPENDITURE	622 243	669 267	719 054
INCOME			
TRANSFERS AND SUBSIDIES			
OPERATIONAL : ALLOCATIONS IN KIND			
OPERATIONAL : MONETARY			
CAPITAL : ALLOCATIONS IN KIND			
CAPITAL : MONETARY			
SERVICE CHARGES	700 551	752 170	806 806
SALES OF GOODS AND RENDERING OF SERVICES			
CONTRA ACCOUNTS			
COST OF FREE BASIC SERVICES			
REVENUE COST OF FREE SERVICES			
TOTAL	700 551	752 170	806 806
SURPLUS / (DEFICIT)	78 308	82 903	87 752

WATER	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	R'000	R'000	R'000
EXPENDITURE			
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	29 406	31 170	32 884
MS - SOCIAL CONTRIBUTIONS	7 120	7 548	7 963
CONTRACTED SERVICES	30	32	34
OPERATIONAL COST	24 554	26 026	27 457
INVENTORY	108 589	118 011	128 107
INTEREST DIVIDENDS AND RENT ON LAND	5 096	4 904	4 716
OPERATING LEASES	-	-	-
BAD DEBTS WRITTEN OFF	30 000	32 000	35 000
TRANSFERS AND SUBSIDIES			
CAPITAL : MONETARY			
DEPRECIATION AND AMORTISATION	4 400	4 664	4 921
CONTRA ACCOUNTS REVENUE			
COST OF FREE BASIC SERVICES DELIVERED			
REVENUE COST OF FREE BASIC SERVICES			
GAINS AND LOSSES			
TOTAL EXPENDITURE	209 194	224 354	241 081
INCOME			
TRANSFERS AND SUBSIDIES			
OPERATIONAL : ALLOCATIONS IN KIND			
OPERATIONAL : MONETARY			
CAPITAL : ALLOCATIONS IN KIND			
CAPITAL : MONETARY			
SERVICE CHARGES	255 104	270 256	287 454
SALES OF GOODS AND RENDERING OF SERVICES	280	297	313
CONTRA ACCOUNTS			
COST OF FREE BASIC SERVICES			
REVENUE COST OF FREE SERVICES			
TOTAL REVENUE	255 384	270 553	287 767

SEWERAGE	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	R'000	R'000	R'000
EXPENDITURE			
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	29 383	31 146	32 859
MS - SOCIAL CONTRIBUTIONS	5 925	6 281	6 626
CONTRACTED SERVICES	18	19	20
OPERATIONAL COST	9 789	10 340	10 908
INVENTORY	10 416	11 041	11 648
INTEREST DIVIDENDS AND RENT ON LAND	2 869	2 741	2 624
OPERATING LEASES	-	-	-
BAD DEBTS WRITTEN OFF	-	-	-
TRANSFERS AND SUBSIDIES			
CAPITAL : MONETARY			
DEPRECIATION AND AMORTISATION	5 100	6 982	8 366
CONTRA ACCOUNTS REVENUE			
COST OF FREE BASIC SERVICES DELIVERED			
REVENUE COST OF FREE BASIC SERVICES			
GAINS AND LOSSES			
TOTAL EXPENDITURE	63 501	68 551	73 052
REVENUE			
TRANSFERS AND SUBSIDIES			
OPERATIONAL : ALLOCATIONS IN KIND			
OPERATIONAL : MONETARY			
CAPITAL : ALLOCATIONS IN KIND			
CAPITAL : MONETARY			
SERVICE CHARGES	75 450	79 912	84 504
SALES OF GOODS AND RENDERING OF SERVICES	1 000	1 060	1 118
CONTRA ACCOUNTS			
COST OF FREE BASIC SERVICES			
REVENUE COST OF FREE SERVICES			
TOTAL REVENUE	76 450	80 972	85 622

REFUSE	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	R'000	R'000	R'000
EXPENDITURE			
MS - SALARIES ALLOWANCES AND SERVICES BENEFITS	24 248	25 586	26 993
MS - SOCIAL CONTRIBUTIONS	5 623	5 933	6 259
CONTRACTED SERVICES	–	–	–
OPERATIONAL COST	1 414	1 496	1 578
INVENTORY	20 268	21 444	22 623
OPERATING LEASES			
BAD DEBTS WRITTEN OFF			
TRANSFERS AND SUBSIDIES			
CAPITAL : MONETARY			
DEPRECIATION AND AMORTISATION	1 850	2 200	2 350
CONTRA ACCOUNTS REVENUE			
COST OF FREE BASIC SERVICES DELIVERED			
REVENUE COST OF FREE BASIC SERVICES			
GAINS AND LOSSES			
TOTAL EXPENDITURE	53 403	56 658	59 803
INCOME			
TRANSFERS AND SUBSIDIES			
OPERATIONAL : ALLOCATIONS IN KIND			
OPERATIONAL : MONETARY			
CAPITAL : ALLOCATIONS IN KIND			
CAPITAL : MONETARY			
SERVICE CHARGES	56 783	60 137	63 581
SALES OF GOODS AND RENDERING OF SERVICES	20	21	22
CONTRA ACCOUNTS			
COST OF FREE BASIC SERVICES			
REVENUE COST OF FREE SERVICES			
TOTAL REVENUE	56 803	60 158	63 603

Capital Expenditure per Municipal Vote and per Standard Classification

NC091 Sol Plaatje - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL AND GENERAL	-	-	-	-	-	-	-	-	-
Vote 3 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES	-	-	18 770	-	-	-	8 694	966	-
Vote 6 - FINANCIAL SERVICES	-	-	-	-	-	-	-	-	-
Vote 7 - STRATEGY ECON DEVELOPMENT AND SERVICES	-	-	-	-	-	-	7 900	23 458	40 420
Vote 8 - INFRASTRUCTURE AND SERVICES	130 795	9 409	9 409	45 053	78 523	78 523	89 578	103 885	68 345
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	130 795	9 409	28 179	45 053	78 523	78 523	106 172	128 309	108 765
Single-year expenditure to be appropriated									
Vote 1 - EXECUTIVE AND COUNCIL	3 324	1 333	3 575	3 000	3 000	3 000	3 000	3 000	3 000
Vote 2 - MUNICIPAL AND GENERAL	-	1 030	127	-	-	-	-	-	-
Vote 3 - MUNICIPAL MANAGER	-	55	44	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES	-	285	284	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES	35 349	6 727	-	15 096	14 082	14 082	-	-	-
Vote 6 - FINANCIAL SERVICES	1 923	3 192	3 242	4 500	4 500	4 500	5 000	2 000	2 000
Vote 7 - STRATEGY ECON DEVELOPMENT AND SERVICES	2 178	5 292	113	9 100	20 944	20 944	-	-	-
Vote 8 - INFRASTRUCTURE AND SERVICES	5 718	211 086	162 343	34 960	79 968	79 968	4 000	4 000	4 000
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	48 493	229 000	169 728	66 656	122 494	122 494	12 000	9 000	9 000
Total Capital Expenditure - Vote	179 288	238 409	197 907	111 709	201 017	201 017	118 172	137 309	117 765
Capital Expenditure - Standard									
Governance and administration	5 247	5 767	7 272	7 500	7 500	7 500	8 000	5 000	5 000
Executive and council	3 324	2 289	3 745	3 000	3 000	3 000	3 000	3 000	3 000
Budget and treasury office	1 923	3 192	3 242	4 500	4 500	4 500	5 000	2 000	2 000
Corporate services	-	285	284	-	-	-	-	-	-
Community and public safety	35 349	11 751	18 770	15 096	14 082	14 082	8 694	966	-
Community and social services	35 349	6 727	18 770	14 096	11 818	11 818	8 694	966	-
Sport and recreation	-	-	-	-	1 264	1 264	-	-	-
Public safety	-	-	-	1 000	1 000	1 000	-	-	-
Housing	-	5 024	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	2 178	51 654	86 382	9 100	20 944	20 944	11 619	28 496	19 100
Planning and development	2 178	5 292	113	9 100	10 944	10 944	-	2 000	2 000
Road transport	-	46 362	86 269	-	10 000	10 000	11 619	26 496	17 100
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	126 618	161 666	75 869	76 013	138 935	138 935	77 959	77 389	51 245
Electricity	43 231	65 072	16 113	11 500	24 000	24 000	12 900	10 489	4 854
Water	50 178	20 195	13 939	15 460	49 575	49 575	41 730	49 824	46 391
Waste water management	33 209	74 280	43 873	49 053	65 360	65 360	5 800	11 821	-
Waste management	-	2 120	1 943	-	-	-	17 530	5 255	-
Other	9 896	9 457	9 614	4 000	19 556	19 556	11 900	25 458	42 420
Total Capital Expenditure - Standard	179 288	240 295	197 907	111 709	201 018	201 018	118 172	137 309	117 765
Funded by:									
National Government	97 644	99 126	60 497	64 276	94 540	94 540	75 732	98 163	92 226
Provincial Government	3 240	36 743	47 263	-	20 674	20 674	-	-	-
District Municipality	1 306	4 284	5 996	-	5 000	5 000	-	-	-
Other transfers and grants	7 768	-	-	-	-	-	-	-	-
Transfers recognised - capital	109 958	140 153	113 756	64 276	120 213	120 213	75 732	98 163	92 226
Public contributions & donations									
Borrowing	57 073	64 803	-	-	-	-	-	-	-
Internally generated funds	12 258	35 338	84 151	47 433	80 805	80 805	42 440	39 146	25 539
Total Capital Funding	179 288	240 295	197 907	111 709	201 018	201 018	118 172	137 309	117 765

15. Contracts having future budgetary implications

Table 46 below depicts that no projects has future budgetary implications.

NC091 Sol Plaatje - Supporting Table SA37 Projects delayed from previous financial years												
Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand							Year					
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>				Examples	Examples							
		No projects										

16. Capital expenditure by project

NC091 Sol Plaatje - Supporting Table SA36 Detailed capital budget		2016/17 Medium Term Revenue & Expenditure Framework		
Municipal Vote/Capital project	Program/Project description	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand				
Parent municipality:				
Total expenditure previous year				
Loose Equipment	Loose Equipment	3 000	3 000	3 000
Information Technology	Replacement of Hardware	5 000	2 000	2 000
NDPG	Upgrading of Indian Centre Local Taxi Rank		3 000	
NDPG	Neighbourhood Development Partnership Grant (technical assitance)	400	600	1 000
NDPG	Development of intermodal transport at craven taxi rank and stalls	7 500	7 858	37 420
NDPG	Development of City Hall precinct		10 000	
Strategy , Economic Development and Planning	Phomolong Services of Sites Erven		2 000	2 000
Fire, Security	Homevale Sateelite Fire Station	8 694	966	
Waste Management	Upgrade Landfill Site	17 530	5 255	
Electricity	Security of plants and infrastructure	3 000		
Integrated National Electricity Program	General Electrification of houses	7 400	7 989	2 354
Electricity	Replacement of Prepaid Meters	2 500	2 500	2 500
Infrastructure - Other -Transport	Fleet Replacement Program	4 000	4 000	4 000
Water	Ritchie Bulk Supply	15 000	20 000	43 391
Water	Lerato Park Water	1 000	14 824	
Water	Homevale WWT Lab Equipment	4 800		
Water	Replacement of Water Meters	2 500	3 000	3 000
Water	Riverton High Lift Pumps	13 230	–	–
Water	Riverton Pump Station	10 000	12 000	
Sanitation	Upgrade of Lerato Park Sewer Line	1 000	11 821	
Roads and Stormwater	Resealing of Roads		10 436	17 100
Roads and Stormwater	Roads and Stormwater Projek 1	7 112	8 354	
Roads and Stormwater	Roads and Stormwater Projek 2	4 506	7 706	
TOTAL		118 172	137 309	117 765

17. Legislation and compliance status

Compliance with the MFMA implementation requirements has been substantially adhered to through the following activities:

- Budget and Treasury Office - A budget office and Treasury office has been established in accordance with the MFMA.
- No councillors are serving in the Bid Adjudication Committee
- Budgeting - The annual budget is prepared in accordance with the requirements prescribed by National Treasury and the MFMA.
- In Year Reporting - 100% compliance with regards to reporting to National Treasury in electronic format on a monthly, quarterly and annual basis.

- Annual Report - The annual report is prepared in accordance with the MFMA and National Treasury requirements.
- Internship Programme - The municipality has been participating in the Municipal Finance Management Internship Programme, has employed a number of interns to undergo training in various finance, internal audit and in IT Departments. Three interns completed their two-year training period at the end of October 2013 and their contracts have been extended by a further 12 months.

18. Service delivery agreements

The municipality has entered into a service delivery agreement with Eskom for the sale of electricity and roll out of free basic electricity to all households in Ritchie area. The SLA to be finalised.

19. Other supporting documents

Please see Annexure A: Calculation of Financial Ratios and Norms as per Circular 71.

20. Municipal Manager's Quality Certificate

I, GH Akharwaray, Municipal Manager of Sol Plaatje Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Annual Budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: GH Akharwaray

Municipal Manager of Sol Plaatje Local Municipality NC091

Signature:

Date:

CIRCULAR 42

Funding of Budget

SOL PLAATJE MUNICIPALITY (NC091)

Part 1 - Budgeting for Financial Performance				
Description	Ref	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		R'000	R'000	R'000
Revenue by Source (Table 1)				
Property rates	A	486 708	518 468	552 991
Service charges	A	1 087 887	1 162 475	1 242 345
Rental of facilities and equipment	B	10 690	11 385	12 067
Interest earned - external investments	D	19 000	21 000	23 000
Interest earned - outstanding debtors	D	70 000	76 000	76 000
Fines	B	16 880	17 901	18 827
Licenses and permits	B	9 550	10 029	10 579
Government grants & subsidies - ops		165 897	164 030	177 571
Government grants & subsidies - capital	E	75 732	98 163	92 226
Other income	B	32 939	34 836	36 744
Total Revenue By Source		1 975 283	2 114 287	2 242 350
Internal recoveries		69 290	69 290	69 290
Gross Subsidization		43 850	45 800	48 550
Total		2 088 423	2 229 377	2 360 190
Operating Expenditure by Type (Table 6)				
Employee related costs	C	644 340	682 524	719 462
Remuneration of Councilors		23 312	24 827	26 317
Bad debts	F	190 500	202 655	218 021
Depreciation		55 650	60 967	65 480
Repairs and maintenance		140 908	141 787	154 263
Interest external		27 757	26 776	25 762
Bulk purchases - Electricity		434 000	468 720	506 218
Bulk purchases - Water		72 500	79 750	87 725
Contracted Services		34 363	36 276	38 153
Grants and subsidies paid		61 510	64 524	67 792
General Expenditure		206 503	219 072	231 671
Total Operating Expenditure By Type		1 891 343	2 007 878	2 140 864
Internal Transfer		69 290	69 290	69 290
Gross Subsidization		43 850	45 800	48 550
Total		2 004 483	2 122 968	2 258 704
Operating Surplus/(Deficit)				
		83 940	106 409	101 486

SOL PLAATJE MUNICIPALITY (NC091)

Part 2 - Budgeting for Cash Flow				
Description	Ref	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
		R'000	R'000	R'000
CASH FLOW FROM OPERATING ACTIVITIES				
<u>Receipts</u>				
Cash receipts from ratepayers, government and other	A,B	1 501 208	1 610 869	1 736 030
Cash receipts from government - operating		165 897	164 030	177 571
Cash receipts from government and other - capital		75 732	98 163	92 226
Interest received	D	36 500	40 000	42 000
<u>Receipts</u>				
Cash paid to suppliers and employees	I	(1 586 268)	(1 673 968)	(1 785 825)
Finance charges		(27 757)	(26 776)	(25 762)
NET CASH FROM OPERATING ACTIVITIES		165 312	212 318	236 240
CASH FLOWS FROM INVESTING ACTIVITIES				
<u>Receipts</u>				
Proceeds on disposal of property, plant and equipment		0	0	0
Increase in investment properties		0	0	0
(Increase)/decrease in non-current receivables		0	0	0
<u>Receipts</u>				
Purchase of property, plant and equipment	G	(118 172)	(137 309)	(117 765)
(Increase)/decrease in current assets		0	0	0
Increase in non-current investments		0	0	0
NET CASH FROM INVESTING ACTIVITIES		(118 172)	(137 309)	(117 765)
CASH FLOWS FROM FINANCING ACTIVITIES				
<u>Receipts</u>				
New loans raised	G	0	0	0
Increase in consumer deposits		2 163	2 358	2 284
<u>Payments</u>				
Repayment of borrowing	G	(8 208)	(8 246)	(9 260)
NET CASH FROM FINANCING ACTIVITIES		(6 045)	(5 888)	(6 975)
NET INCREASE/(DECREASE) IN CASH				
Cash and cash equivalents at the beginning of the year		41 096	69 121	111 500
Cash and cash equivalents at the end of the year		240 000	281 096	350 216
		281 096	350 216	461 717

SOL PLAATJE MUNICIPALITY (NC091)

Part 3 - Reconciliation of reserves and commitments backed by cash/investments				
Description	Ref	Budget Year 2016/17 R'000	Budget Year +1 2017/18 R'000	Budget Year +2 2018/19 R'000
Reserves to be backed by cash	H	122 504	50 862	53 146
Creditors unpaid at year end		163 652	178 380	191 759
Total commitments		286 156	229 242	244 905
Cash and cash equivalents at the end of the year		281 096	350 216	461 717
Long term investments		0	0	0
Cash and investments available		281 096	350 216	461 717
<u>Explanation notes/references</u>				
<p>A It is the billed/accrued amount and it is assumed that 90% will be collected (average at 88% including interest on debtors and billed)</p> <p>B It is assumed that a 100% is received/collected</p> <p>C Included is a provision for an average increase of 7%</p> <p>D Interest received in the cash flow comprises of 25% of interest on debtors and 100% of investment interest</p> <p>E All grants will be received and spent except for roll over capital projects</p> <p>F Bad/Doubtful debts have been provided at 12% of billable revenue</p> <p>G Capital budgeted expenditure of R118,1m is funded by R75,7m grants, R0m donation, R0m from a loan and R42,4m from operating (counter funding/CRR)</p> <p>H The municipality has these projected reserves in the budgeted financial position that need to be backed by cash</p> <p>I Counter funding included in capital projects deducted from operating expenditure</p>				
<p>Is the municipality's budget appropriately funded - Yes</p> <p>-cash receipts projections are realistic as the cash flow were reduced in line with expected levels of collection</p> <p>- bad debts have been provided at approximately 12% of billed revenue</p>				

SOL PLAATJE MUNICIPALITY (NC091)

BUDGETED STATEMENT OF FINANCIAL POSITION

	30 June 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019
ASSETS					
CURRENT ASSETS	993 933 909	1 002 644 357	1 048 396 808	1 105 271 084	1 180 510 130
Inventory	32 887 325	35 518 311	37 649 409	39 908 374	42 302 876
Non-current Assets Held-for-Sale		0	0	0	0
Trade Receivables from Exchange Transactions	262 184 091	270 049 614	278 151 102	279 541 858	265 564 765
Trade Receivables from Non-Exchange Transactions	413 417 155	446 490 528	457 652 791	459 941 055	446 142 823
Cash and Cash Equivalents	275 457 274	240 000 000	264 037 771	314 915 158	414 877 148
Operating Lease Assets	72 186	75 073	79 578	84 352	89 414
Vat Receivable from Exchange Transactions	9 915 879	10 510 832	10 826 157	10 880 287	11 533 105
Current Portion of Long-term Receivables from	-	0	0	0	0
Non-Current Assets	1 577 596 456	1 723 292 533	1 783 898 904	1 858 344 740	1 908 752 973
Property, Plant and Equipment	1 370 809 915	1 518 227 908	1 580 750 066	1 657 091 864	1 709 376 423
Heritage assets	6 801 944	6 801 944	6 801 944	6 801 944	6 801 944
Intangible Assets	3 244 624	3 341 962	3 375 382	3 409 136	3 443 227
Investment Property	194 623 613	192 677 377	190 750 604	188 843 098	186 954 667
Trade Receivables from Exchange Transactions	1 701 033	1 803 094	1 785 064	1 767 213	1 749 541
Trade Receivables from Non-Exchange Transactions	415 327	440 246	435 844	431 486	427 171
Long-term Receivables		0	0	0	0
Total Assets	2 571 530 366	2 725 936 890	2 832 295 711	2 963 615 825	3 089 263 103
LIABILITIES					
CURRENT LIABILITIES	231 162 298	211 683 550	227 398 100	244 865 845	259 722 535
Consumer deposits	21 848 411	24 033 252	26 196 245	28 553 907	30 838 220
Provisions	7 448 000	8 379 000	9 007 425	9 592 908	10 168 482
Creditors	139 017 787	150 139 210	163 651 739	178 380 395	191 758 925
Unspent conditional grants and receipts	31 651 158	0	0	0	0
VAT	20 314 935	20 924 383	20 296 652	19 078 852	17 552 544
Cash book overdraft	-	0	0	0	0
Current portion of long term liabilities	10 882 007	8 207 705	8 246 040	9 259 783	9 404 364
NON CURRENT LIABILITIES	440 256 329	450 123 586	456 827 857	464 271 225	473 575 813
Long term liabilities	226 818 398	218 543 431	202 089 686	184 583 863	165 919 715
Retirement Benefit Liabilities	169 481 000	183 886 885	202 275 574	222 503 131	244 753 444
Non current provisions	43 956 931	47 693 270	52 462 597	57 184 231	62 902 654
Total Liabilities	671 418 627	661 807 136	684 225 957	709 137 070	733 298 348
Total Assets and Liabilities	1 900 111 738	2 064 129 754	2 148 069 754	2 254 478 754	2 355 964 754
NET ASSETS	1 900 111 738	2 064 129 754	2 148 069 754	2 254 478 754	2 355 964 754
Accumulated surplus/deficit	1 900 111 738	2 064 129 754	2 148 069 754	2 254 478 754	2 355 964 754
Total Net Assets	1 900 111 738	2 064 129 754	2 148 069 754	2 254 478 754	2 355 964 754
TOTAL NET ASSETS AND LIABILITIES	2 571 530 366	2 725 936 891	2 832 295 711	2 963 615 825	3 089 263 103

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SOL PLAATJE MUNICIPALITY (NC091)
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	2016 R	2015 R
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from ratepayers, government and other	1 756 018 603	1 446 910 507
Cash paid to suppliers and employees	-1 651 493 352	-1 328 782 566
Cash generated from/(utilized in) operations	104 525 251	118 127 940
Interest received	99 000 000	94 241 707
Interest paid	-29 689 565	-30 458 023
NET CASH FROM OPERATING ACTIVITIES	173 835 686	181 911 624
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	-201 017 993	-194 372 038
Purchase of Intangible Assets	0	-3 534 525
Purchase of Investment Property	0	0
(Increase) / decrease in Long-term Receivables	0	0
NET CASH FROM INVESTING ACTIVITIES	-201 017 993	-197 906 563
CASH FLOWS FROM FINANCING ACTIVITIES		
New loans raised	0	0
(Loans repaid)	-8 274 967	-13 746 898
NET CASH FROM FINANCING ACTIVITIES	-8 274 967	-13 746 898
NET DECREASE IN CASH AND CASH EQUIVALENTS	-35 457 274	-29 741 836
Cash and cash equivalents at the beginning of the year	275 457 274	305 199 110
Cash and cash equivalents at the end of the year	240 000 000	275 457 274

	Budget	Budget	Budget	Actual
	2015	2016	2016	2015
	R	R	R	R
REVENUE				
Revenue from Non-exchange Transactions				
Property rates	397 946 459	443 808 235	443 808 235	398 920 589
Fines	11 635 300	15 879 300	15 879 300	12 011 428
Licenses and permits	2 672 000	2 965 000	2 965 000	2 955 091
Income for agency services	4 900 000	5 800 000	5 800 000	5 037 994
Government grants and subsidies	300 252 651	290 850 993	290 850 993	282 036 220
Public contributions and donations				3 812 828
Revenue from Exchange Transactions				
Service charges	907 895 397	1 012 665 821	1 012 665 821	888 147 879
Rental of facilities and equipment	17 606 040	10 305 500	10 305 500	16 373 950
Interest earned - external investments	16 000 000	19 000 000	19 000 000	21 164 955
Interest earned - outstanding debtors	65 000 000	80 000 000	80 000 000	73 076 752
Other income	82 398 622	33 558 913	33 558 913	33 704 935
Gains on disposal of property, plant and equipment	0	0	0	657 947
Total Revenue	1 806 306 469	1 914 833 762	1 914 833 762	1 737 900 569
EXPENDITURE				
Employee related costs	551 623 564	601 580 484	601 580 484	463 300 811
Remuneration of Councillors	19 967 560	21 365 289	21 365 289	19 841 066
Collection costs	1 800 000	1 800 000	1 800 000	1 061 059
Depreciation	52 550 000	53 600 000	53 600 000	46 080 952
Bad debts - Provision	145 000 000	161 000 000	161 000 000	143 165 133
Repairs and maintenance	90 735 457	133 563 185	133 563 185	82 513 405
Interest paid	34 559 195	29 689 565	29 689 565	30 458 023
Bulk purchases	425 000 000	462 400 000	462 400 000	404 460 624
Contracted services	0	32 394 701	32 394 701	-
Grants and subsidies paid	55 370 000	60 917 500	60 917 500	58 193 634
General expenses	320 500 615	192 505 022	192 505 022	250 650 967
Loss on disposal of property, plant and equipment	0	0	0	7 653 334
Total Expenditure	1 697 106 391	1 750 815 746	1 750 815 746	1 507 379 010
SURPLUS/(DEFICIT)	109 200 078	164 018 016	164 018 016	230 521 559
Share of surplus/(deficit) of associate accounted for under the equity method	0	0	0	0
SURPLUS/(DEFICIT) FOR THE YEAR	109 200 078	164 018 016	164 018 016	230 521 559

SOL PLAATJE MUNICIPALITY (NC091)
BUDGETED STATEMENT OF CHANGES
FOR THE YEAR ENDING 30 JUNE 2016

	Capital Replacement Reserve R	Self- Insurance Reserve R	COD Reserve	Accumulated Surplus/ (Deficit) R	Total R
2015					
Balance at 1 July 2014	88 679 848	22 876 960	9 489 671	1 548 543 700	1 669 590 179
Correction of error				0	0
Change in accounting policy				0	0
Restated balance					
Surplus/(deficit) for the year				1 548 543 700	1 669 590 179
Transfer to CRR				230 521 559	230 521 559
Property, plant and equipment purchased	75 000 000			-75 000 000	0
Capital grants used to purchase PPE	(90 369 209)			90 369 209	0
Donated/contributed PPE					0
Contribution to Insurance Reserve		329 200	705 919	-1 035 119	0
Adjustments					0
Asset disposals					0
Balance at 30 JUNE 2015	73 310 638	23 206 160	10 195 590	1 793 399 350	1 900 111 738
2016					
Correction of error				0	0
Change in accounting policy				0	0
Restated balance					
Surplus/(deficit) for the year				1 793 399 350	1 900 111 738
Transfer to CRR				164 018 016	164 018 016
Property, plant and equipment purchased	70 000 000			-70 000 000	0
Contribution to Insurance Reserve	(80 804 524)	50 000	350 000	80 804 524	0
Asset disposals				-400 000	0
Balance at 30 JUNE 2016	62 506 114	23 256 160	10 545 590	1 967 821 890	2 064 129 754

CIRCULAR 71
Financial Ratios
and Norms



Figure compares the actual performance to target
Green: Target achieved
Yellow: Target not achieved
Red: Target not achieved
Grey: Not applicable
White: Not applicable

Template for Calculation of Uniform Financial Ratios and Norms

NO	RATIO	FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS R'000	DATA INPUTS AND RESULTS R'000	INTERPRETATION	MUNICIPAL COMMENTS (#)
A. Asset Management/Utilisation									
1. FINANCIAL POSITION									
1	Capital Expenditure to Total Expenditure	$\frac{\text{Total Capital Expenditure}}{\text{Total Expenditure}} \times 100$	Statement of Financial Position, Notes to the AFS, Budget, In-Year Reports, IDP and AR	10% - 20%	Total Operating Expenditure Taxation Expense Total Capital Expenditure	1 891 343 - 118 172	2 007 878 - 137 309	5% - 0%	Please refer to page 2 of MFMA Circular No. 71
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	$\frac{\text{Property, Plant and Equipment} + \text{Investment Property} + \text{Intangible Assets Impairment}}{\text{Total Property, Plant and Equipment} + \text{Investment Property} + \text{Intangible Assets}} \times 100$	Statement of Financial Position, Notes to the AFS and AR	0%	PPE, Investment Property and Intangible Impairment PPE at carrying value Investment at carrying value Intangible Assets at carrying value	1 587 552 190 751 3 375	1 663 894 188 843 3 409	0% - 0%	Please refer to page 3 of MFMA Circular No. 71
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	$\frac{\text{Total Repairs and Maintenance Expenditure}}{\text{Property, Plant and Equipment} + \text{Investment Property}} \times 100$	Statement of Financial Position, IDP, Budgets and In-Year Reports	8%	Total Repairs and Maintenance Expenditure PPE at carrying value Investment Property at Carrying value	140 908 1 587 552 190 751	141 787 1 663 894 188 843	8% - 8%	Please refer to page 4 of MFMA Circular No. 71
3.1	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	$\frac{\text{Total Repairs and Maintenance Expenditure}}{\text{Property, Plant and Equipment} + \text{Investment Property}} \times 100$	Statement of Financial Position, IDP, Budgets and In-Year Reports	8%	Total Repairs and Maintenance Expenditure including Labour Costs PPE at carrying value Investment Property at Carrying value	140 908 1 587 552 190 751	141 787 1 535 620 202 754	8% - 0%	Please refer to page 4 of MFMA Circular No. 71
B. Debtors Management									
1	Collection Rate	$\frac{\text{Gross Debtors Closing Balance} + \text{Billed Revenue} - \text{Gross Debtors Opening Balance} - \text{Bad Debts Written Off}}{\text{Billed Revenue}} \times 100$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year Reports, IDP and AR	95%	Gross Debtors closing balance Gross Debtors opening balance Bad debts written Off Billed Revenue	1 735 889 1 526 125 - 1 574 595	1 942 223 1 735 889 1 942 223 1 680 943	95% - - 0%	The provision for doubtful debt amounts to around 12% annually. This is in line with previous estimates. The municipality is implementing a debtor recovery project to improve the collection rate.
2	Bad Debts Written-off as % of Provision for Bad Debt	$\frac{\text{Bad Debts Written-off}}{\text{Provision for Bad Debt}} \times 100$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%	Consumer Debtors Bad debts written off Consumer Debtors Current bad debt Provision	190 500 -	202 655 -	0% -	Please refer to page 5 of MFMA Circular No. 71
3	Net Debtors Days	$\frac{((\text{Gross Debtors} - \text{Bad debt Provision}) / \text{Actual Billed Revenue}) \times 365}{\text{Revenue}}$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 days	Gross debtors Bad debts Provision Billed Revenue	1 735 889 1 000 085 1 574 595	1 942 223 1 420 761 1 680 943	145 56% - 0%	The gross debtors balance includes unpaid grants as well as non-billed revenue. A portion of gross debtors also relates to property rates and government debt, which is not impaired. The mentioned factors distort
C. Liquidity Management									
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	$\frac{((\text{Cash and Cash Equivalents} - \text{Unspent Conditional Grants} - \text{Overdraft}) + \text{Short Term Investments} / \text{Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)})}{\text{Revenue}} \times 365$	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year Reports and AR	1 - 3 Months	Cash and cash equivalents Unspent Conditional Grants Overdraft Short Term Investments Total Annual Operational Expenditure	- - - 284 038 1 891 343	- - - 314 915 2 007 878	2 Month - - - - 2 Month	Please refer to page 7 of MFMA Circular No. 71
2	Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1	Current Assets Current Liabilities	4 61 1 048 397	4 51 1 052 271	4.55 1 180 510	Please refer to page 7 of MFMA Circular No. 71

C. Revenue Management									
1	Growth in Number of Active Consumer Accounts	(Period under review's number of Active Debtor Accounts - previous period's number of Active Debtor Accounts) / previous number of Active Debtor Accounts	Debtors System	None	1%	1%	1%	Please refer to page 14 of MFMA Circular No. 71	62
2	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue) / previous period's Total Revenue x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= CPI	2%	7%	6%	Please refer to page 15 of MFMA Circular No. 71	63
					CPI	5.80%	5.80%	The sharp decline in capital grants as per DoRA had a significant impact on this ratio.	
					Total Revenue (Previous)	1 975 283	2 114 287		
					Total Revenue (Current)	1 975 283	2 114 287		
3	Revenue Growth (%) - Excluding capital grants	(Period under review's Total Revenue Excluding capital grants- previous period's Total Revenue excluding capital grants) / previous period's Total Revenue excluding capital grants x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	= CPI	6%	6%	7%	Please refer to page 15 of MFMA Circular No. 71	
					CPI	5.80%	5.80%	The revenue figure requires the exclusion of capital grants but still includes operational grants, which is not a true reflection of growth in tariffs and city	
					Total Revenue Excl.Capital (Previous)	1 794 454	1 899 551		
					Total Revenue Excl.Capital (Current)	1 899 551	2 016 124		
D. Expenditure Management									
1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) x 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days	55 days	55 days	57 days	This ratio is calculated as at a specific point in time, which results in a distorted representation of the actual payment days. Especially at year-end, the outstanding creditors will be high. This is further supported by the fact that no paragraph for non compliance with this legislation was included in the 2014/15 audit report.	
					Trade Creditors	163 652	178 380		
					Contracted Services	36 276	38 153		
					Repairs and Maintenance	140 908	141 767		
					General expenses	295 770	310 372		
					Bulk Purchases	506 500	548 470		
					Capital Credit Purchases (Capital Credit Purchases refers to additions of Investment Property and Property Plant and Equipment)	118 172	137 309		
2	Irregular, Fruitless and Wasteful/ Unauthorised Expenditure	(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%	0%	0%	0%	Please refer to page 16 of MFMA Circular No. 71	
					Total Operating Expenditure	1 891 343	2 007 878		
					Taxation Expense				
3	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councilors' Remuneration) / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%	35%	35%	35%	Please refer to page 17 of MFMA Circular No. 71	
					Employee/personnel related cost	644 340	682 524		
					Councilors Remuneration	23 312	24 827		
					Total Operating Expenditure	1 891 343	2 007 878		
					Taxation Expense				
4	Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%	2%	2%	2%	Please refer to page 17 of MFMA Circular No. 71	
					Contracted Services	34 363	36 276		
					Total Operating Expenditure	1 891 343	2 007 878		
					Taxation Expense				
E. Grant Dependency									
1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	Own funded Capital Expenditure (Internally generated funds + Borrowings) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual)	None	36%	29%	22%	Please refer to page 18 of MFMA Circular No. 71	
					Internally generated funds	42 440	26 539		
					Borrowings	—	—		
					Total Capital Expenditure	118 172	137 309		
2	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements	None	25%	18%	13%	Please refer to page 18 of MFMA Circular No. 71	
					Internally generated funds	25 382	20 903		
					Total Capital Expenditure	101 114	119 066		
3	Own Source Revenue to Total Operating Revenue(Including Agency Revenue)	Own Source Revenue (Total revenue - Government grants and Subsidies - Public Contributions and Donations) / Total Operating Revenue (including agency services) x 100	Statement Financial Performance, Budget, IDP, In-Year reports and AR	None	95%	97%	96%	Please refer to page 18 of MFMA Circular No. 71	
					Total Revenue	1 975 283	2 114 287		
					Government grant and subsidies	165 897	164 030		
					Public contributions and Donations				
					Capital Grants	75 732	98 163		
3. BUDGET IMPLEMENTATION									
1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, In-Year reports and AR	95% - 100%	100%	100%	100%	Please refer to page 19 of MFMA Circular No. 71	
					Actual Capital Expenditure	101 114	106 066		
					Budget Capital Expenditure	101 114	106 226		
2	Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%	100%	100%	100%	Please refer to page 20 of MFMA Circular No. 71	
					Actual Operating Expenditure	1 891 343	2 007 878		
					Budget Operating Expenditure	1 891 343	2 140 864		
3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%	100%	100%	100%	Please refer to page 20 of MFMA Circular No. 71	
					Actual Operating Revenue	1 975 283	2 114 287		
					Budget Operating Revenue	1 975 283	2 114 287		
4	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budget Service Charges and Property Rates Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%	100%	100%	100%	Please refer to page 21 of MFMA Circular No. 71	
					Actual Service Charges and Property Rates Revenue	1 574 595	1 680 943		
					Budget Service Charges and Property Rates Revenue	1 574 595	1 680 943		

MARCH 2016/17
BUDGET
ANNEXURES

1.Schedules

2.Tariffs

3.History of Tariffs

4.IDP Overview

5.SDBIP

6.Policies

7.By-laws

8.MFMA-Circulars

**BUDGET
SCHEDULES
AND
SUPPORTING
TABLES**

Municipal annual budgets and MTREF & supporting tables

Version 2.8

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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Contact details:

Elsabé Rossouw
National Treasury
Tel: (012) 315-5534
Electronic submissions:
lgdocuments@treasury.gov.za



Preparation Instructions

Municipality Name:

CFO Name:

Tel: Fax:

E-Mail:

Budget for MTREF starting:

Budget Year: 2016/17

Does this municipality have Entities?

If YES: Identify type of report:

Name Votes & Sub-Votes

Printing Instructions

Showing / Hiding Columns

Showing / Clearing Highlights

Important documents which provide essential assistance

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Organisational Structure Votes		Complete Votes & Sub-Votes	Select Org. Structure
Vote 1 - EXECUTIVE AND COUNCIL	Vote 1	EXECUTIVE AND COUNCIL	
Vote 2 - MUNICIPAL AND GENERAL			
Vote 3 - MUNICIPAL MANAGER			
Vote 4 - CORPORATE SERVICES			
Vote 5 - COMMUNITY SERVICES			
Vote 6 - FINANCIAL SERVICES			
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING			
Vote 8 - INFRASTRUCTURE AND SERVICES			
	Vote 3	MUNICIPAL MANAGER	
	Vote 4	CORPORATE SERVICES	
	Vote 5	COMMUNITY SERVICES	
	Vote 6	FINANCIAL SERVICES	
	Vote 7	STRATEGY ECON DEVELOPMENT AND PLANNING	
	Vote 8	INFRASTRUCTURE AND SERVICES	

NC091 Sol Plaatje - Contact Information

A. GENERAL INFORMATION

Municipality	NC091 Sol Plaatje
Grade	Grade 4
Province	NC NORTHERN CAPE
Web Address	www.solplaatje.org.za
e-mail Address	info@solplaatje.org.za

1 Grade in terms of the Remuneration of Public Office Bearers Act.

B. CONTACT INFORMATION

Postal address:	
P.O. Box	X5030
City / Town	Kimberley
Postal Code	8300
Street address	
Building	Civic Centre
Street No. & Name	Sol Plaatje Drive
City / Town	Kimberley
Postal Code	8301
General Contacts	
Telephone number	0538306911
Fax number	0538331005

C. POLITICAL LEADERSHIP

Speaker:		Secretary/PA to the Speaker:	
Name	OM Matika	Name	ES Mdali
Telephone number	0538306460	Telephone number	0538306461
Cell number	0828694856	Cell number	0828418335
Fax number	0538391431	Fax number	0538391431
E-mail address	Mmatika@solplaatje.org.za	E-mail address	emdali@solplaatje.org.za

Mayor/Executive Mayor:

Name	KD Molusi	Name	V Kgokong
Telephone number	0538306269	Telephone number	0538306269
Cell number	0832616436	Cell number	0728952541
Fax number	0867327255	Fax number	0867327255
E-mail address	vkqokong@solplaatje.org.za	E-mail address	vkqokong@solplaatje.org.za

Secretary/PA to the Mayor/Executive Mayor:

D. MANAGEMENT LEADERSHIP

Municipal Manager:		Secretary/PA to the Municipal Manager:	
Name	G Akharwaray	Name	J Bonokwane
Telephone number	0538306100	Telephone number	53830616471
Cell number	0832558808	Cell number	0727213953
Fax number	0538331005	Fax number	0538331005
E-mail address	gakharwaray@solplaatje.org.za	E-mail address	jbonokwane@solplaatje.org.za

Chief Financial Officer

Name	ZL Mahloko	Name	S Rammile
Telephone number	053 830 6500	Telephone number	0538306502
E-mail address	zmahloko@solplaatje.org.za	E-mail address	SRammile@solplaatje.org.za

Secretary/PA to the Chief Financial Officer

Official responsible for submitting financial information

Name	C Henderson	Name	C Jenneke
Telephone number	0538306533	Telephone number	0538306564
Cell number	0832609374	Cell number	0824027793
Fax number	0866812135	Fax number	
E-mail address	chenderson@solplaatje.org.za	E-mail address	cjenneke@solplaatje.org.za

Official responsible for submitting financial information

Name	JJ Wagner	Name	B Anthony
Telephone number	0538306504	Telephone number	0538306437
E-mail address	jwagner@solplaatje.org.za	E-mail address	banthony@solplaatje.org.za

Official responsible for submitting financial information

NC091 Sol Plaatje - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousands									
<u>Financial Performance</u>									
Property rates	331 348	368 225	398 921	423 808	443 808	443 808	486 708	518 468	552 991
Service charges	838 429	837 243	888 148	1 019 893	1 012 666	1 012 666	1 087 887	1 162 475	1 242 345
Investment revenue	15 240	21 413	21 165	16 000	19 000	19 000	19 000	21 000	23 000
Transfers recognised - operational	166 865	166 601	168 281	166 787	170 638	170 638	165 897	164 030	177 571
Other own revenue	94 040	130 890	143 818	122 733	148 509	148 509	140 059	150 150	154 217
Total Revenue (excluding capital transfers and contributions)	1 445 923	1 524 372	1 620 332	1 749 221	1 794 620	1 794 620	1 899 552	2 016 124	2 150 125
Employee costs	438 406	474 749	463 301	597 254	601 580	601 580	644 340	682 524	719 462
Remuneration of councillors	17 243	18 459	19 841	21 365	21 365	21 365	23 312	24 828	26 317
Depreciation & asset impairment	42 949	42 522	46 081	53 600	53 600	53 600	55 650	60 967	65 480
Finance charges	24 694	28 056	30 458	29 790	29 690	29 690	27 757	26 776	25 762
Materials and bulk purchases	416 058	443 247	486 974	542 503	598 963	598 963	647 408	690 256	748 206
Transfers and grants	2 623	19 564	58 194	55 050	57 030	57 030	61 510	64 524	67 792
Other expenditure	353 339	375 484	402 530	438 780	391 587	391 587	431 366	458 003	487 845
Total Expenditure	1 295 311	1 402 082	1 507 379	1 738 343	1 753 816	1 753 816	1 891 344	2 007 878	2 140 865
Surplus/(Deficit)	150 612	122 289	112 953	10 878	40 805	40 805	8 208	8 246	9 260
Transfers recognised - capital	109 958	140 153	113 756	64 276	120 213	120 213	75 732	98 163	92 226
Contributions recognised - capital & contributed assets	–	721	3 813	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	260 569	263 163	230 522	75 154	161 018	161 018	83 940	106 409	101 486
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	260 569	263 163	230 522	75 154	161 018	161 018	83 940	106 409	101 486
<u>Capital expenditure & funds sources</u>									
Capital expenditure	179 288	240 295	197 907	111 709	201 018	201 018	118 172	137 309	117 765
Transfers recognised - capital	109 958	140 153	113 756	64 276	120 213	120 213	75 732	98 163	92 226
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	57 073	64 803	–	–	–	–	–	–	–
Internally generated funds	12 258	35 338	84 151	47 433	80 805	80 805	42 440	39 146	25 539
Total sources of capital funds	179 288	240 295	197 907	111 709	201 018	201 018	118 172	137 309	117 765
<u>Financial position</u>									
Total current assets	791 622	951 838	993 934	870 617	870 617	870 617	1 048 397	1 105 271	1 180 510
Total non current assets	1 299 855	1 445 640	1 577 596	1 687 042	1 687 042	1 687 042	1 783 899	1 858 345	1 908 753
Total current liabilities	252 302	245 852	231 162	271 762	271 762	271 762	227 398	244 866	259 723
Total non current liabilities	423 135	482 036	440 256	501 697	501 697	501 697	456 828	464 271	473 576
Community wealth/Equity	1 416 040	1 669 590	1 900 112	1 784 200	1 784 200	1 784 200	2 148 070	2 254 479	2 355 965
<u>Cash flows</u>									
Net cash from (used) operating	302 288	177 029	181 912	132 479	173 217	173 217	167 096	197 447	227 131
Net cash from (used) investing	(179 288)	(240 295)	(197 907)	(111 709)	(201 018)	(201 018)	(118 172)	(137 309)	(117 765)
Net cash from (used) financing	40 680	44 500	(13 747)	(10 878)	(10 878)	(10 878)	(8 246)	(9 260)	(9 404)
Cash/cash equivalents at the year end	323 965	305 199	275 457	224 384	236 779	236 779	264 037	314 915	414 877
<u>Cash backing/surplus reconciliation</u>									
Cash and investments available	323 965	305 199	275 457	223 360	223 360	223 360	264 038	314 915	414 877
Application of cash and investments	(115 836)	(136 989)	(282 733)	(240 558)	(199 154)	(199 154)	(392 419)	(385 854)	(363 594)
Balance - surplus (shortfall)	439 801	442 188	558 190	463 918	422 514	422 514	656 457	700 769	778 471
<u>Asset management</u>									
Asset register summary (WDV)	1 288 933	1 438 002	1 568 678	1 679 412	1 679 412	1 679 412	1 774 876	1 849 344	1 899 774
Depreciation & asset impairment	42 949	42 522	46 081	53 600	53 600	53 600	55 650	60 967	65 480
Renewal of Existing Assets	56 132	149 399	94 619	75 438	123 093	123 093	37 730	29 180	24 954
Repairs and Maintenance	68 982	62 242	82 513	81 503	136 563	136 563	140 908	141 786	154 263
<u>Free services</u>									
Cost of Free Basic Services provided	14 379	17 034	41 187	39 787	39 787	39 787	46 063	48 941	51 952
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–
<u>Households below minimum service level</u>									
Water:	7	7	6	5	5	5	6	6	6
Sanitation/sewerage:	9	7	6	5	5	5	5	5	5
Energy:	9	7	7	6	6	6	12	12	12
Refuse:	9	9	8	6	6	6	12	12	12

NC091 Sol Plaatje - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue - Standard									
<i>Governance and administration</i>	674 077	772 885	790 832	730 625	843 368	843 368	829 060	890 090	935 234
Executive and council	323 656	386 279	371 831	283 997	377 289	377 289	320 325	348 292	357 516
Budget and treasury office	346 424	379 124	411 060	430 284	449 734	449 734	501 836	534 407	569 641
Corporate services	3 997	7 483	7 941	16 344	16 344	16 344	6 898	7 390	8 077
<i>Community and public safety</i>	23 781	37 561	36 858	41 042	40 538	40 538	39 092	41 389	43 289
Community and social services	8 801	15 697	19 304	21 665	21 431	21 431	23 103	24 395	25 310
Sport and recreation	4 121	8 896	3 410	6 553	6 253	6 253	5 933	6 287	6 633
Public safety	397	414	246	451	451	451	240	253	266
Housing	7 921	9 850	11 062	9 396	9 396	9 396	9 801	10 438	11 064
Health	2 541	2 704	2 837	2 978	3 008	3 008	15	16	17
<i>Economic and environmental services</i>	10 313	9 922	11 591	11 986	11 676	11 676	12 936	13 622	14 377
Planning and development	2 491	2 613	3 163	2 990	2 940	2 940	3 420	3 631	3 836
Road transport	7 823	7 309	8 428	8 996	8 736	8 736	9 516	9 992	10 541
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	843 221	841 934	893 774	1 024 748	1 014 107	1 014 107	1 089 187	1 163 853	1 243 799
Electricity	540 172	529 055	561 819	651 594	651 594	651 594	700 551	752 170	806 806
Water	199 314	200 277	212 281	245 334	235 593	235 593	255 384	270 553	287 767
Waste water management	59 617	64 665	68 879	73 691	72 991	72 991	76 450	80 972	85 622
Waste management	44 119	47 936	50 796	54 128	53 928	53 928	56 803	60 158	63 603
<i>Other</i>	4 488	2 944	4 845	5 096	5 145	5 145	5 009	5 333	5 652
Total Revenue - Standard	1 555 880	1 665 245	1 737 901	1 813 497	1 914 834	1 914 834	1 975 284	2 114 287	2 242 351
Expenditure - Standard									
<i>Governance and administration</i>	397 048	409 239	437 808	549 075	552 545	552 545	597 627	622 637	660 245
Executive and council	275 221	274 180	284 925	373 797	378 627	378 627	414 039	429 175	456 685
Budget and treasury office	70 681	77 121	87 384	102 394	103 394	103 394	110 427	116 476	122 215
Corporate services	51 146	57 938	65 499	72 884	70 524	70 524	73 161	76 986	81 346
<i>Community and public safety</i>	168 786	181 879	187 908	213 033	213 737	213 737	221 370	234 679	248 209
Community and social services	54 598	60 195	65 714	75 318	74 419	74 419	77 037	81 658	86 149
Sport and recreation	39 792	41 576	41 741	44 245	45 848	45 848	50 679	53 423	56 361
Public safety	39 315	40 759	41 396	51 465	51 465	51 465	53 832	57 414	61 109
Housing	19 486	23 114	22 332	21 797	21 797	21 797	23 196	24 674	26 153
Health	15 596	16 236	16 725	20 208	20 208	20 208	16 627	17 510	18 436
<i>Economic and environmental services</i>	65 219	74 088	86 756	98 400	100 400	100 400	113 056	120 125	127 158
Planning and development	18 425	22 893	25 051	30 313	37 437	37 437	39 450	41 842	44 169
Road transport	46 794	51 195	61 705	68 087	62 964	62 964	73 606	78 284	82 988
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	656 043	727 487	785 463	867 954	876 289	876 289	948 341	1 018 830	1 092 990
Electricity	430 581	463 369	499 206	568 128	568 128	568 128	622 243	669 267	719 054
Water	135 274	169 011	183 528	192 848	196 682	196 682	209 194	224 354	241 081
Waste water management	47 158	50 636	54 075	57 250	61 750	61 750	63 501	68 551	73 052
Waste management	43 030	44 470	48 654	49 728	49 728	49 728	53 403	56 658	59 803
<i>Other</i>	8 215	9 390	9 444	9 881	10 845	10 845	10 949	11 606	12 264
Total Expenditure - Standard	1 295 311	1 402 082	1 507 379	1 738 343	1 753 816	1 753 816	1 891 344	2 007 878	2 140 865
Surplus/(Deficit) for the year	260 569	263 163	230 522	75 154	161 018	161 018	83 940	106 409	101 486

NC091 Sol Plaatje - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue - Standard									
Municipal governance and administration	674 077	772 885	790 832	730 625	843 368	843 368	829 060	890 090	935 234
Executive and council	323 656	386 279	371 831	283 997	377 289	377 289	320 325	348 292	357 516
Mayor and Council	322 440	384 845	370 287	282 294	375 586	375 586	318 205	346 056	355 168
Municipal Manager	1 215	1 434	1 544	1 703	1 703	1 703	2 120	2 236	2 348
Budget and treasury office	346 424	379 124	411 060	430 284	449 734	449 734	501 836	534 407	569 641
Corporate services	3 997	7 483	7 941	16 344	16 344	16 344	6 898	7 390	8 077
Human Resources				8 723			4 350	4 689	5 227
Information Technology				240	8 723	8 723			
Property Services	191	208	250	7 382	240	240	270	286	302
Other Admin	3 806	7 275	7 691		7 382	7 382	2 278	2 415	2 548
Community and public safety	23 781	37 561	36 858	41 042	40 538	40 538	39 092	41 389	43 289
Community and social services	8 801	15 697	19 304	21 665	21 431	21 431	23 103	24 395	25 310
Libraries and Archives	1 584	1 579	4 964	8 085	7 581	7 581	7 743	8 113	8 133
Museums & Art Galleries etc									
Community halls and Facilities	780	744	691	900	1 200	1 200	1 200	1 272	1 342
Cemeteries & Crematoriums	1 472	1 494	1 565	1 800	1 800	1 800	1 800	1 908	2 013
Child Care									
Aged Care									
Other Community	4 965	11 880	12 084	10 880	10 850	10 850	12 360	13 102	13 822
Other Social									
Sport and recreation	4 121	8 896	3 410	6 553	6 253	6 253	5 933	6 287	6 633
Public safety	397	414	246	451	451	451	240	253	266
Police									
Fire	397	414	246	451	451	451	240	253	266
Civil Defence									
Street Lighting									
Other									
Housing	7 921	9 850	11 062	9 396	9 396	9 396	9 801	10 438	11 064
Health	2 541	2 704	2 837	2 978	3 008	3 008	15	16	17
Clinics	2 541	2 704	2 837	2 978	3 008	3 008			
Ambulance									
Other							15	16	17
Economic and environmental services	10 313	9 922	11 591	11 986	11 676	11 676	12 936	13 622	14 377
Planning and development	2 491	2 613	3 163	2 990	2 940	2 940	3 420	3 631	3 836
Economic Development/Planning	888	937	783	1 120	1 060	1 060	1 060	1 129	1 197
Town Planning/Building enforcement	1 602	1 676	2 380	1 870	1 880	1 880	2 360	2 502	2 639
Licensing & Regulation									
Road transport	7 823	7 309	8 428	8 996	8 736	8 736	9 516	9 992	10 541
Roads	(36)	31	28	1	1	1	1	1	1
Public Buses									
Parking Garages									
Vehicle Licensing and Testing	7 659	6 986	8 155	8 735	8 735	8 735	9 515	9 991	10 540
Other	200	292	245	260			0	(0)	0
Environmental protection	-	-	-	-	-	-	-	-	-
Pollution Control									
Biodiversity & Landscape									
Other									
Trading services	843 221	841 934	893 774	1 024 748	1 014 107	1 014 107	1 089 187	1 163 853	1 243 799
Electricity	540 172	529 055	561 819	651 594	651 594	651 594	700 551	752 170	806 806
Electricity Distribution	540 172	529 055	561 819	651 594	651 594	651 594	700 551	752 170	806 806
Electricity Generation									
Water	199 314	200 277	212 281	245 334	235 593	235 593	255 384	270 553	287 767
Water Distribution	199 314	200 277	212 281	245 334	235 593	235 593	255 384	270 553	287 767
Water Storage									
Waste water management	59 617	64 665	68 879	73 691	72 991	72 991	76 450	80 972	85 622
Sewerage	59 617	64 665	68 879	73 691	72 991	72 991	76 450	80 972	85 622
Storm Water Management									
Public Toilets									
Waste management	44 119	47 936	50 796	54 128	53 928	53 928	56 803	60 158	63 603
Solid Waste	44 119	47 936	50 796	54 128	53 928	53 928	56 803	60 158	63 603
Other	4 488	2 944	4 845	5 096	5 145	5 145	5 009	5 333	5 652
Air Transport									
Abattoirs									
Tourism	212	(2 016)	858	109	159	159	159	168	177
Forestry									
Markets	4 276	4 960	3 986	4 987	4 986	4 986	4 850	5 165	5 475
Total Revenue - Standard	1 555 880	1 665 245	1 737 901	1 813 497	1 914 834	1 914 834	1 975 284	2 114 287	2 242 351

Expenditure - Standard									
Municipal governance and administration	397 048	409 239	437 808	549 075	552 545	552 545	597 627	622 637	660 245
Executive and council	275 221	274 180	284 925	373 797	378 627	378 627	414 039	429 175	456 685
Mayor and Council	263 925	261 357	273 119	357 023	358 013	358 013	392 983	406 962	433 360
Municipal Manager	11 296	12 823	11 806	16 774	20 614	20 614	21 056	22 214	23 324
Budget and treasury office	70 681	77 121	87 384	102 394	103 394	103 394	110 427	116 476	122 215
Corporate services	51 146	57 938	65 499	72 884	70 524	70 524	73 161	76 986	81 346
Human Resources	4 905	5 206	5 588	5 598	1 586	1 586	18 115	19 253	20 583
Information Technology	6 877	6 766	8 617	10 163	10 163	10 163	10 828	11 424	11 995
Property Services	1 896	1 866	1 811	2 004	2 004	2 004	2 135	2 264	2 388
Other Admin	37 468	44 100	49 483	55 119	56 771	56 771	42 083	44 045	46 380
Community and public safety	168 786	181 879	187 908	213 033	213 737	213 737	221 370	234 679	248 209
Community and social services	54 598	60 195	65 714	75 318	74 419	74 419	77 037	81 658	86 149
Libraries and Archives	9 759	11 033	14 006	16 331	15 827	15 827	15 002	15 902	16 777
Museums & Art Galleries etc	2 060	2 221	2 505	2 458	3 495	3 495	3 883	4 116	4 342
Community halls and Facilities	11 571	12 342	12 976	14 486	14 486	14 486	14 988	15 887	16 761
Cemeteries & Crematoriums									
Child Care									
Aged Care									
Other Community	31 209	34 599	36 227	42 043	40 611	40 611	43 164	45 753	48 269
Other Social									
Sport and recreation	39 792	41 576	41 741	44 245	45 848	45 848	50 679	53 423	56 361
Public safety	39 315	40 759	41 396	51 465	51 465	51 465	53 832	57 414	61 109
Police									
Fire	20 752	22 210	24 774	30 265	30 265	30 265	31 832	33 434	34 971
Civil Defence									
Street Lighting	18 563	18 549	16 622	21 200	21 200	21 200	22 000	23 980	26 138
Other									
Housing	19 486	23 114	22 332	21 797	21 797	21 797	23 196	24 674	26 153
Health	15 596	16 236	16 725	20 208	20 208	20 208	16 627	17 510	18 436
Clinics	15 596	16 236	16 725	20 208	20 208	20 208	6 864	7 242	7 604
Ambulance									
Other							9 762	10 268	10 832
Economic and environmental services	65 219	74 088	86 756	98 400	100 400	100 400	113 056	120 125	127 158
Planning and development	18 425	22 893	25 051	30 313	37 437	37 437	39 450	41 842	44 169
Economic Development/Planning	11 217	10 628	11 400	17 097	12 982	12 982	25 018	26 544	28 031
Town Planning/Building enforcement	7 208	12 264	13 651	13 216	24 454	24 454	14 432	15 298	16 139
Licensing & Regulation									
Road transport	46 794	51 195	61 705	68 087	62 964	62 964	73 606	78 284	82 988
Roads	16 286	19 278	26 015	19 563	36 500	36 500	34 725	37 098	39 449
Public Buses									
Parking Garages									
Vehicle Licensing and Testing	7 433	8 088	8 033	10 520	10 520	10 520	11 407	11 979	12 638
Other	23 075	23 829	27 657	38 003	15 943	15 943	27 475	29 206	30 901
Environmental protection	-	-	-	-	-	-	-	-	-
Pollution Control									
Biodiversity & Landscape									
Other									
Trading services	656 043	727 487	785 463	867 954	876 289	876 289	948 341	1 018 830	1 092 990
Electricity	430 581	463 369	499 206	568 128	568 128	568 128	622 243	669 267	719 054
Electricity Distribution	430 581	463 369	499 206	568 128	568 128	568 128	622 243	669 267	719 054
Electricity Generation									
Water	135 274	169 011	183 528	192 848	196 682	196 682	209 194	224 354	241 081
Water Distribution	135 274	169 011	183 528	192 848	196 682	196 682	209 194	224 354	241 081
Water Storage									
Waste water management	47 158	50 636	54 075	57 250	61 750	61 750	63 501	68 551	73 052
Sewerage	45 803	49 099	52 339	55 315	59 815	59 815	61 459	66 386	70 769
Storm Water Management									
Public Toilets	1 356	1 538	1 737	1 935	1 935	1 935	2 042	2 164	2 283
Waste management	43 030	44 470	48 654	49 728	49 728	49 728	53 403	56 658	59 803
Solid Waste	43 030	44 470	48 654	49 728	49 728	49 728	53 403	56 658	59 803
Other	8 215	9 390	9 444	9 881	10 845	10 845	10 949	11 606	12 264
Air Transport									
Abattoirs									
Tourism	2 361	2 807	2 761	2 577	3 541	3 541	3 667	3 851	4 044
Forestry									
Markets	5 854	6 583	6 683	7 304	7 304	7 304	7 281	7 754	8 220
Total Expenditure - Standard	1 295 311	1 402 082	1 507 379	1 738 343	1 753 816	1 753 816	1 891 344	2 007 878	2 140 865
Surplus/(Deficit) for the year	260 569	263 163	230 522	75 154	161 018	161 018	83 940	106 409	101 486

NC091 Sol Plaatje - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue by Vote									
Vote 1 - EXECUTIVE AND COUNCIL	1 204	47	72	–	–	–	–	–	–
Vote 2 - MUNICIPAL AND GENERAL	321 236	384 798	370 215	282 294	375 586	375 586	318 205	346 056	355 168
Vote 3 - MUNICIPAL MANAGER	1 215	1 434	1 544	1 703	1 703	1 703	2 120	2 236	2 348
Vote 4 - CORPORATE SERVICES	3 806	7 275	7 691	7 382	7 382	7 382	6 628	7 104	7 775
Vote 5 - COMMUNITY SERVICES	23 519	34 696	33 951	40 381	93 805	93 805	95 609	101 100	106 369
Vote 6 - FINANCIAL SERVICES	346 424	379 124	411 060	439 006	458 456	458 456	501 836	534 407	569 641
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	7 169	5 236	8 258	8 325	8 325	8 325	8 699	9 250	9 790
Vote 8 - INFRASTRUCTURE AND SERVICES	851 306	852 636	905 109	1 034 406	969 576	969 576	1 042 186	1 114 134	1 191 261
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–
Total Revenue by Vote	1 555 880	1 665 245	1 737 901	1 813 497	1 914 834	1 914 834	1 975 284	2 114 287	2 242 351
Expenditure by Vote to be appropriated									
Vote 1 - EXECUTIVE AND COUNCIL	36 239	37 349	37 615	39 893	40 083	40 083	42 618	45 195	47 703
Vote 2 - MUNICIPAL AND GENERAL	227 686	225 489	235 505	317 131	317 911	317 911	350 365	361 767	385 657
Vote 3 - MUNICIPAL MANAGER	11 296	12 823	11 806	16 774	20 614	20 614	21 056	22 214	23 324
Vote 4 - CORPORATE SERVICES	42 373	49 306	55 070	60 717	58 357	58 357	60 198	63 298	66 963
Vote 5 - COMMUNITY SERVICES	138 170	148 305	156 986	180 556	230 988	230 988	240 984	254 663	268 360
Vote 6 - FINANCIAL SERVICES	77 558	83 887	96 001	112 557	113 557	113 557	121 255	127 900	134 210
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	28 536	34 148	36 306	42 198	50 286	50 286	52 534	55 711	58 821
Vote 8 - INFRASTRUCTURE AND SERVICES	733 453	810 776	878 090	968 518	922 021	922 021	1 002 333	1 077 130	1 155 827
Vote 9 - [NAME OF VOTE 9]	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]	–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	1 295 311	1 402 082	1 507 379	1 738 343	1 753 816	1 753 816	1 891 344	2 007 878	2 140 865
Surplus/(Deficit) for the year	260 569	263 163	230 522	75 154	161 018	161 018	83 940	106 409	101 486

NC091 Sol Plaatje - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue by Vote									
Vote 1 - EXECUTIVE AND COUNCIL	1 204	47	72	-	-	-	-	-	-
	1 204	47	72	-	-	-	-	-	-
Vote 2 - MUNICIPAL AND GENERAL	321 236	384 798	370 215	282 294	375 586	375 586	318 205	346 056	355 168
2.1 - MUNICIPAL AND GENERAL	321 236	384 798	370 215	282 294	375 586	375 586	318 205	346 056	355 168
Vote 3 - MUNICIPAL MANAGER	1 215	1 434	1 544	1 703	1 703	1 703	2 120	2 236	2 348
3.1 - MUNICIPAL MANAGER	1 215	1 434	1 544	1 703	1 703	1 703	2 120	2 236	2 348
Vote 4 - CORPORATE SERVICES	3 806	7 275	7 691	7 382	7 382	7 382	6 628	7 104	7 775
4.1 - CORPORATE SERVICES	3 806	7 275	7 691	7 382	7 382	7 382	6 628	7 104	7 775
Vote 5 - COMMUNITY SERVICES	23 519	34 696	33 951	40 381	93 805	93 805	95 609	101 100	106 369
5.1 - COMMUNITY SERVICES	23 519	34 696	33 951	40 381	93 805	93 805	95 609	101 100	106 369
Vote 6 - FINANCIAL SERVICES	346 424	379 124	411 060	439 006	458 456	458 456	501 836	534 407	569 641
6.1 - FINANCIAL SERVICES	346 424	379 124	411 060	439 006	458 456	458 456	501 836	534 407	569 641
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	7 169	5 236	8 258	8 325	8 325	8 325	8 699	9 250	9 790
7.1 - STRATEGY ECON DEVELOPMENT AND PLANNING	7 169	5 236	8 258	8 325	8 325	8 325	8 699	9 250	9 790
Vote 8 - INFRASTRUCTURE AND SERVICES	851 306	852 636	905 109	1 034 406	969 576	969 576	1 042 186	1 114 134	1 191 261
8.1 - INFRASTRUCTURE AND SERVICES	851 306	852 636	905 109	1 034 406	969 576	969 576	1 042 186	1 114 134	1 191 261
Total Revenue by Vote	1 555 880	1 665 245	1 737 901	1 813 497	1 914 834	1 914 834	1 975 284	2 114 287	2 242 351
Expenditure by Vote									
Vote 1 - EXECUTIVE AND COUNCIL	36 239	37 349	37 615	39 893	40 083	40 083	42 618	45 195	47 703
	36 239	37 349	37 615	39 893	40 083	40 083	42 618	45 195	47 703
Vote 2 - MUNICIPAL AND GENERAL	227 686	225 489	235 505	317 131	317 911	317 911	350 365	361 767	385 657
2.1 - MUNICIPAL AND GENERAL	227 686	225 489	235 505	317 131	317 911	317 911	350 365	361 767	385 657
Vote 3 - MUNICIPAL MANAGER	11 296	12 823	11 806	16 774	20 614	20 614	21 056	22 214	23 324
3.1 - MUNICIPAL MANAGER	11 296	12 823	11 806	16 774	20 614	20 614	21 056	22 214	23 324
Vote 4 - CORPORATE SERVICES	42 373	49 306	55 070	60 717	58 357	58 357	60 198	63 298	66 963
4.1 - CORPORATE SERVICES	42 373	49 306	55 070	60 717	58 357	58 357	60 198	63 298	66 963
Vote 5 - COMMUNITY SERVICES	138 170	148 305	156 986	180 556	230 988	230 988	240 984	254 663	268 360
5.1 - COMMUNITY SERVICES	138 170	148 305	156 986	180 556	230 988	230 988	240 984	254 663	268 360
Vote 6 - FINANCIAL SERVICES	77 558	83 887	96 001	112 557	113 557	113 557	121 255	127 900	134 210
6.1 - FINANCIAL SERVICES	77 558	83 887	96 001	112 557	113 557	113 557	121 255	127 900	134 210
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	28 536	34 148	36 306	42 198	50 286	50 286	52 534	55 711	58 821
7.1 - STRATEGY ECON DEVELOPMENT AND PLANNING	28 536	34 148	36 306	42 198	50 286	50 286	52 534	55 711	58 821
Vote 8 - INFRASTRUCTURE AND SERVICES	733 453	810 776	878 090	968 518	922 021	922 021	1 002 333	1 077 130	1 155 827
8.1 - INFRASTRUCTURE AND SERVICES	733 453	810 776	878 090	968 518	922 021	922 021	1 002 333	1 077 130	1 155 827
Total Expenditure by Vote	1 295 311	1 402 082	1 507 379	1 738 343	1 753 816	1 753 816	1 891 344	2 007 878	2 140 865
Surplus/(Deficit) for the year	260 569	263 163	230 522	75 154	161 018	161 018	83 940	106 409	101 486

NC091 Sol Plaatje - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Revenue By Source									
Property rates	331 348	368 225	398 921	423 808	443 808	443 808	486 708	518 468	552 991
Property rates - penalties & collection charges									
Service charges - electricity revenue	539 544	528 885	561 178	651 586	651 594	651 594	700 551	752 170	806 806
Service charges - water revenue	198 997	200 062	211 650	245 333	235 333	235 333	255 104	270 256	287 454
Service charges - sanitation revenue	58 667	63 601	67 956	72 545	71 845	71 845	75 450	79 912	84 504
Service charges - refuse revenue	41 221	44 695	47 364	50 428	53 893	53 893	56 783	60 137	63 581
Service charges - other									
Rental of facilities and equipment	14 253	17 795	16 374	19 182	10 305	10 305	10 690	11 384	12 067
Interest earned - external investments	15 240	21 413	21 165	16 000	19 000	19 000	19 000	21 000	23 000
Interest earned - outstanding debtors	32 108	56 744	73 077	50 000	80 000	80 000	70 000	76 000	76 000
Dividends received									
Fines	4 652	11 554	12 011	10 419	15 879	15 879	16 880	17 901	18 827
Licences and permits	2 568	2 708	2 955	2 995	2 965	2 965	3 270	3 435	3 622
Agency services	4 860	4 339	5 038	5 800	5 800	5 800	6 280	6 594	6 957
Transfers recognised - operational	166 865	166 601	168 281	166 787	170 638	170 638	165 897	164 030	177 571
Other revenue	35 599	37 474	33 705	34 336	33 559	33 559	32 939	34 836	36 744
Gains on disposal of PPE		275	658						
Total Revenue (excluding capital transfers and contributions)	1 445 923	1 524 372	1 620 332	1 749 221	1 794 620	1 794 620	1 899 552	2 016 124	2 150 125
Expenditure By Type									
Employee related costs	438 406	474 749	463 301	597 254	601 580	601 580	644 340	682 524	719 462
Remuneration of councillors	17 243	18 459	19 841	21 365	21 365	21 365	23 312	24 828	26 317
Debt impairment	110 819	126 810	143 165	161 000	161 000	161 000	190 500	202 655	218 021
Depreciation & asset impairment	42 949	42 522	46 081	53 600	53 600	53 600	55 650	60 967	65 480
Finance charges	24 694	28 056	30 458	29 790	29 690	29 690	27 757	26 776	25 762
Bulk purchases	347 076	381 005	404 461	461 000	462 400	462 400	506 500	548 470	593 943
Other materials	68 982	62 242	82 513	81 503	136 563	136 563	140 908	141 786	154 263
Contracted services	–	–	–	–	32 395	32 395	34 363	36 276	38 153
Transfers and grants	2 623	19 564	58 194	55 050	57 030	57 030	61 510	64 524	67 792
Other expenditure	241 490	248 674	251 712	277 780	198 193	198 193	206 503	219 072	231 672
Loss on disposal of PPE	1 030	–	7 653	–	–	–	–	–	–
Total Expenditure	1 295 311	1 402 082	1 507 379	1 738 343	1 753 816	1 753 816	1 891 344	2 007 878	2 140 865
Surplus/(Deficit)	150 612	122 289	112 953	10 878	40 805	40 805	8 208	8 246	9 260
Transfers recognised - capital	109 958	140 153	113 756	64 276	120 213	120 213	75 732	98 163	92 226
Contributions recognised - capital	–	–	–	–	–	–	–	–	–
Contributed assets		721	3 813						
Surplus/(Deficit) after capital transfers & contributions	260 569	263 163	230 522	75 154	161 018	161 018	83 940	106 409	101 486
Taxation									
Surplus/(Deficit) after taxation	260 569	263 163	230 522	75 154	161 018	161 018	83 940	106 409	101 486
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	260 569	263 163	230 522	75 154	161 018	161 018	83 940	106 409	101 486
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	260 569	263 163	230 522	75 154	161 018	161 018	83 940	106 409	101 486

NC091 Sol Plaatje - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL AND GENERAL	-	-	-	-	-	-	-	-	-
Vote 3 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES	-	-	18 770	-	-	-	8 694	966	-
Vote 6 - FINANCIAL SERVICES	-	-	-	-	-	-	-	-	-
Vote 7 - STRATEGY ECON DEVELOPMENT AND PL	-	-	-	-	-	-	7 900	23 458	40 420
Vote 8 - INFRASTRUCTURE AND SERVICES	130 795	9 409	9 409	45 053	78 523	78 523	89 578	103 885	68 345
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	130 795	9 409	28 179	45 053	78 523	78 523	106 172	128 309	108 765
Single-year expenditure to be appropriated									
Vote 1 - EXECUTIVE AND COUNCIL	3 324	1 333	3 575	3 000	3 000	3 000	3 000	3 000	3 000
Vote 2 - MUNICIPAL AND GENERAL	-	1 030	127	-	-	-	-	-	-
Vote 3 - MUNICIPAL MANAGER	-	55	44	-	-	-	-	-	-
Vote 4 - CORPORATE SERVICES	-	285	284	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES	35 349	6 727	-	15 096	14 082	14 082	-	-	-
Vote 6 - FINANCIAL SERVICES	1 923	3 192	3 242	4 500	4 500	4 500	5 000	2 000	2 000
Vote 7 - STRATEGY ECON DEVELOPMENT AND PL	2 178	5 292	113	9 100	20 944	20 944	-	-	-
Vote 8 - INFRASTRUCTURE AND SERVICES	5 718	211 086	162 343	34 960	79 968	79 968	4 000	4 000	4 000
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	48 493	229 000	169 728	66 656	122 494	122 494	12 000	9 000	9 000
Total Capital Expenditure - Vote	179 288	238 409	197 907	111 709	201 017	201 017	118 172	137 309	117 765
Capital Expenditure - Standard									
Governance and administration	5 247	5 767	7 272	7 500	7 500	7 500	8 000	5 000	5 000
Executive and council	3 324	2 289	3 745	3 000	3 000	3 000	3 000	3 000	3 000
Budget and treasury office	1 923	3 192	3 242	4 500	4 500	4 500	5 000	2 000	2 000
Corporate services	-	285	284	-	-	-	-	-	-
Community and public safety	35 349	11 751	18 770	15 096	14 082	14 082	8 694	966	-
Community and social services	35 349	6 727	18 770	14 096	11 818	11 818	8 694	966	-
Sport and recreation	-	-	-	-	1 264	1 264	-	-	-
Public safety	-	-	-	1 000	1 000	1 000	-	-	-
Housing	-	5 024	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	2 178	51 654	86 382	9 100	20 944	20 944	11 619	28 496	19 100
Planning and development	2 178	5 292	113	9 100	10 944	10 944	-	2 000	2 000
Road transport	-	46 362	86 269	-	10 000	10 000	11 619	26 496	17 100
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	126 618	161 666	75 869	76 013	138 935	138 935	77 959	77 389	51 245
Electricity	43 231	65 072	16 113	11 500	24 000	24 000	12 900	10 489	4 854
Water	50 178	20 195	13 939	15 460	49 575	49 575	41 730	49 824	46 391
Waste water management	33 209	74 280	43 873	49 053	65 360	65 360	5 800	11 821	-
Waste management	-	2 120	1 943	-	-	-	17 530	5 255	-
Other	9 896	9 457	9 614	4 000	19 556	19 556	11 900	25 458	42 420
Total Capital Expenditure - Standard	179 288	240 295	197 907	111 709	201 018	201 018	118 172	137 309	117 765
Funded by:									
National Government	97 644	99 126	60 497	64 276	94 540	94 540	75 732	98 163	92 226
Provincial Government	3 240	36 743	47 263	-	20 674	20 674	-	-	-
District Municipality	1 306	4 284	5 996	-	5 000	5 000	-	-	-
Other transfers and grants	7 768	-	-	-	-	-	-	-	-
Transfers recognised - capital	109 958	140 153	113 756	64 276	120 213	120 213	75 732	98 163	92 226
Public contributions & donations									
Borrowing	57 073	64 803	-	-	-	-	-	-	-
Internally generated funds	12 258	35 338	84 151	47 433	80 805	80 805	42 440	39 146	25 539
Total Capital Funding	179 288	240 295	197 907	111 709	201 018	201 018	118 172	137 309	117 765

NC091 Sol Plaatje - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Capital expenditure - Municipal Vote									
Multi-year expenditure appropriation									
Vote 1 - EXECUTIVE AND COUNCIL	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL AND GENERAL	-	-	-	-	-	-	-	-	-
2.1 - MUNICIPAL AND GENERAL									
Vote 3 - MUNICIPAL MANAGER	-	-	-	-	-	-	-	-	-
3.1 - MUNICIPAL MANAGER									
Vote 4 - CORPORATE SERVICES	-	-	-	-	-	-	-	-	-
4.1 - CORPORATE SERVICES									
Vote 5 - COMMUNITY SERVICES	-	-	18 770	-	-	-	8 694	966	-
5.1 - COMMUNITY SERVICES			18 770		-	-	8 694	966	
Vote 6 - FINANCIAL SERVICES	-	-	-	-	-	-	-	-	-
6.1 - FINANCIAL SERVICES									
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	-	-	-	-	-	-	7 900	23 458	40 420
7.1 - STRATEGY ECON DEVELOPMENT AND PLANNING							7 900	23 458	40 420
Vote 8 - INFRASTRUCTURE AND SERVICES	130 795	9 409	9 409	45 053	78 523	78 523	89 578	103 885	68 345
8.1 - INFRASTRUCTURE AND SERVICES	130 795	9 409	9 409	45 053	58 967	58 967	89 578	103 885	68 345
Capital multi-year expenditure sub-total	130 795	9 409	28 179	45 053	78 523	78 523	106 172	128 309	108 765

NC091 Sol Plaatje - Table A6 Budgeted Financial Position

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
ASSETS									
Current assets									
Cash									
Call investment deposits	336 560	320 607	275 457	240 000	240 000	240 000	264 038	314 915	414 877
Consumer debtors	209 465	268 622	262 184	287 621	287 621	287 621	278 151	279 542	265 565
Other debtors	226 316	339 202	423 405	317 716	317 716	317 716	468 559	470 906	457 765
Current portion of long-term receivables									
Inventory	19 281	23 407	32 887	25 280	25 280	25 280	37 649	39 908	42 303
Total current assets	791 622	951 838	993 934	870 617	870 617	870 617	1 048 397	1 105 271	1 180 510
Non current assets									
Long-term receivables	4 119	836	2 116				2 221	2 199	2 177
Investments									
Investment property	201 986	201 756	194 624	200 747	200 747	200 747	190 751	188 843	186 955
Investment in Associate									
Property, plant and equipment	1 084 340	1 235 148	1 370 810	1 477 512	1 477 512	1 477 512	1 580 750	1 657 092	1 709 376
Agricultural									
Biological									
Intangible	2 607	1 098	3 245	1 153	1 153	1 153	3 375	3 409	3 443
Other non-current assets	6 802	6 802	6 802	7 630	7 630	7 630	6 802	6 802	6 802
Total non current assets	1 299 855	1 445 640	1 577 596	1 687 042	1 687 042	1 687 042	1 783 899	1 858 345	1 908 753
TOTAL ASSETS	2 091 477	2 397 478	2 571 530	2 557 659	2 557 659	2 557 659	2 832 296	2 963 616	3 089 263
LIABILITIES									
Current liabilities									
Bank overdraft	12 595	15 408	–	16 640	16 640	16 640			
Borrowing	20 255	13 728	10 882	10 878	10 878	10 878	8 246	9 260	9 404
Consumer deposits	15 318	16 684	21 848	18 353	18 353	18 353	26 196	28 554	30 838
Trade and other payables	197 349	192 568	190 984	217 493	217 493	217 493	183 948	197 459	209 311
Provisions	6 786	7 465	7 448	8 398	8 398	8 398	9 007	9 593	10 168
Total current liabilities	252 302	245 852	231 162	271 762	271 762	271 762	227 398	244 866	259 723
Non current liabilities									
Borrowing	195 337	237 719	226 818	226 841	226 841	226 841	202 090	184 584	165 920
Provisions	227 798	244 316	213 438	274 856	274 856	274 856	254 738	279 687	307 656
Total non current liabilities	423 135	482 036	440 256	501 697	501 697	501 697	456 828	464 271	473 576
TOTAL LIABILITIES	675 437	727 888	671 419	773 459	773 459	773 459	684 226	709 137	733 298
NET ASSETS	1 416 040	1 669 590	1 900 112	1 784 200	1 784 200	1 784 200	2 148 070	2 254 479	2 355 965
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	1 284 325	1 548 544	1 793 399	1 698 400	1 698 400	1 698 400	2 058 070	2 168 779	2 274 515
Reserves	131 715	121 046	106 712	85 800	85 800	85 800	90 000	85 700	81 450
TOTAL COMMUNITY WEALTH/EQUITY	1 416 040	1 669 590	1 900 112	1 784 200	1 784 200	1 784 200	2 148 070	2 254 479	2 355 965

NC091 Sol Plaatje - Table A7 Budgeted Cash Flows

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates, penalties & collection charges	331 348	266 832	299 190	377 189	355 470	355 470	447 772	466 622	503 222
Service charges	838 429	601 530	729 327	904 447	853 813	853 813	969 769	1 049 387	1 139 166
Other revenue	60 914	74 866	136 357	67 523	63 299	63 299	61 619	65 200	68 804
Government - operating	166 865	166 601	168 281	166 787	170 638	170 638	165 897	164 030	177 571
Government - capital	109 958	140 153	113 756	64 276	120 213	120 213	75 732	98 163	92 226
Interest	47 282	78 157	94 242	26 000	99 000	99 000	36 500	40 000	42 000
Dividends							-	-	-
Payments									
Suppliers and employees	(1 225 192)	(1 118 651)	(1 323 873)	(1 438 903)	(1 448 609)	(1 448 609)	(1 555 926)	(1 652 956)	(1 763 811)
Finance charges	(24 694)	(28 056)	(30 458)	(29 790)	(29 690)	(29 690)	(27 757)	(26 776)	(25 762)
Transfers and Grants	(2 623)	(4 403)	(4 910)	(5 050)	(10 918)	(10 918)	(6 510)	(6 224)	(6 286)
NET CASH FROM/(USED) OPERATING ACTIVITIES	302 288	177 029	181 912	132 479	173 217	173 217	167 096	197 447	227 131
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE							-	-	-
Decrease (Increase) in non-current debtors							-	-	-
Decrease (increase) other non-current receivables							-	-	-
Decrease (increase) in non-current investments							-	-	-
Payments									
Capital assets	(179 288)	(240 295)	(197 907)	(111 709)	(201 018)	(201 018)	(118 172)	(137 309)	(117 765)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(179 288)	(240 295)	(197 907)	(111 709)	(201 018)	(201 018)	(118 172)	(137 309)	(117 765)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans							-	-	-
Borrowing long term/refinancing	57 073	64 803					-	-	-
Increase (decrease) in consumer deposits							-	-	-
Payments									
Repayment of borrowing	(16 393)	(20 303)	(13 747)	(10 878)	(10 878)	(10 878)	(8 246)	(9 260)	(9 404)
NET CASH FROM/(USED) FINANCING ACTIVITIES	40 680	44 500	(13 747)	(10 878)	(10 878)	(10 878)	(8 246)	(9 260)	(9 404)
NET INCREASE/ (DECREASE) IN CASH HELD	163 680	(18 766)	(29 742)	9 892	(38 679)	(38 679)	40 678	50 878	99 962
Cash/cash equivalents at the year begin:	160 285	323 965	305 199	214 492	275 457	275 457	223 360	264 037	314 915
Cash/cash equivalents at the year end:	323 965	305 199	275 457	224 384	236 779	236 779	264 037	314 915	414 877

NC091 Sol Plaatje - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Cash and investments available									
Cash/cash equivalents at the year end	323 965	305 199	275 457	224 384	236 779	236 779	264 037	314 915	414 877
Other current investments > 90 days	–	–	0	(1 024)	(13 419)	(13 419)	0	0	(0)
Non current assets - Investments	–	–	–	–	–	–	–	–	–
Cash and investments available:	323 965	305 199	275 457	223 360	223 360	223 360	264 038	314 915	414 877
Application of cash and investments									
Unspent conditional transfers	35 106	2 594	31 651	–	–	–	–	–	–
Unspent borrowing	–	–	–	–	–	–	–	–	–
Statutory requirements									
Other working capital requirements	(282 657)	(260 629)	(421 096)	(326 358)	(284 954)	(284 954)	(482 419)	(471 554)	(445 044)
Other provisions									
Long term investments committed	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	131 715	121 046	106 712	85 800	85 800	85 800	90 000	85 700	81 450
Total Application of cash and investments:	(115 836)	(136 989)	(282 733)	(240 558)	(199 154)	(199 154)	(392 419)	(385 854)	(363 594)
Surplus(shortfall)	439 801	442 188	558 190	463 918	422 514	422 514	656 457	700 769	778 471

NC091 Sol Plaatje - Table A9 Asset Management

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	123 156	89 009	103 287	36 271	77 924	77 924	80 442	108 129	92 811
Infrastructure - Road transport	—	9 687	41 585	—	—	—	11 619	16 060	—
Infrastructure - Electricity	28 231	15 553	8 824	9 000	17 500	17 500	—	—	—
Infrastructure - Water	44 178	19 186	7 943	10 460	36 274	36 274	39 230	46 824	43 391
Infrastructure - Sanitation	—	15 374	9 189	1 000	7 258	7 258	1 000	11 821	—
Infrastructure - Other	—	2 120	1 943	—	—	—	—	—	—
Infrastructure	72 409	61 920	69 485	20 460	61 032	61 032	51 848	74 705	43 391
Community	35 349	1 952	3 313	2 211	2 211	2 211	8 694	966	—
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	15 398	24 929	26 955	13 600	14 681	14 681	19 900	32 458	49 420
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	208	3 535	—	—	—	—	—	—
Total Renewal of Existing Assets	56 132	149 399	94 619	75 438	123 093	123 093	37 730	29 180	24 954
Infrastructure - Road transport	—	41 852	44 684	—	10 000	10 000	—	10 436	17 100
Infrastructure - Electricity	15 000	49 519	7 289	6 500	6 500	6 500	12 900	10 489	4 854
Infrastructure - Water	6 000	1 008	5 996	5 000	13 300	13 300	2 500	3 000	3 000
Infrastructure - Sanitation	33 209	57 020	34 684	44 053	58 102	58 102	4 800	—	—
Infrastructure - Other	—	—	—	—	—	—	17 530	5 255	—
Infrastructure	54 209	149 399	92 653	55 553	87 902	87 902	37 730	29 180	24 954
Community	—	—	—	12 885	11 871	11 871	—	—	—
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	1 923	—	1 966	7 000	23 320	23 320	—	—	—
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
Total Capital Expenditure									
Infrastructure - Road transport	—	51 540	86 269	—	10 000	10 000	11 619	26 496	17 100
Infrastructure - Electricity	43 231	65 072	16 113	15 500	24 000	24 000	12 900	10 489	4 854
Infrastructure - Water	50 178	20 195	13 939	15 460	49 574	49 574	41 730	49 824	46 391
Infrastructure - Sanitation	33 209	72 394	43 873	45 053	65 360	65 360	5 800	11 821	—
Infrastructure - Other	—	2 120	1 943	—	—	—	17 530	5 255	—
Infrastructure	126 618	211 320	162 138	76 012	148 934	148 934	89 578	103 885	68 345
Community	35 349	1 952	3 313	15 096	14 082	14 082	8 694	966	—
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	17 321	24 929	28 921	20 600	38 001	38 001	19 900	32 458	49 420
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	208	3 535	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class	179 288	238 409	197 907	111 709	201 017	201 017	118 172	137 309	117 765
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	185 660	203 202	326 556	283 967	283 967	283 967	291 801	303 142	304 451
Infrastructure - Electricity	127 332	202 649	194 486	210 105	210 105	210 105	220 150	219 652	213 410
Infrastructure - Water	148 328	165 407	145 932	180 866	180 866	180 866	219 746	256 751	288 299
Infrastructure - Sanitation	211 791	281 922	316 256	330 974	330 974	330 974	332 462	327 880	311 651
Infrastructure - Other	57 484	23 655	17 203	58 975	58 975	58 975	87 273	112 381	147 281
Infrastructure	730 595	876 834	1 000 433	1 064 887	1 064 887	1 064 887	1 151 431	1 219 807	1 265 092
Community	295 928	298 533	308 147	332 244	332 244	332 244	340 938	341 904	341 904
Heritage assets	—	6 802	6 802	—	—	—	6 802	6 802	6 802
Investment properties	201 986	201 756	194 624	200 747	200 747	200 747	190 751	188 843	186 955
Other assets	57 817	52 979	55 427	80 381	80 381	80 381	81 579	88 579	95 579
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	2 607	1 098	3 245	1 153	1 153	1 153	3 375	3 409	3 443
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 288 933	1 438 002	1 568 678	1 679 412	1 679 412	1 679 412	1 774 876	1 849 344	1 899 774
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	42 949	42 522	46 081	53 600	53 600	53 600	55 650	60 967	65 480
Repairs and Maintenance by Asset Class	68 982	62 242	82 513	81 503	136 563	136 563	140 908	141 786	154 263
Infrastructure - Road transport	18 197	13 325	21 709	14 071	14 617	14 617	12 077	12 912	13 741
Infrastructure - Electricity	21 672	19 173	21 658	23 861	24 238	24 238	25 300	27 029	28 783
Infrastructure - Water	15 000	12 357	22 797	25 157	25 917	25 917	21 105	22 373	23 607
Infrastructure - Sanitation	—	7 387	6 247	6 542	11 094	11 094	6 500	6 890	7 269
Infrastructure - Other	—	680	937	4 800	16 650	16 650	40 357	35 940	43 117
Infrastructure	54 869	52 922	73 348	74 431	92 516	92 516	105 339	105 145	116 517
Community	11 716	7 762	5 790	5 648	7 351	7 351	7 917	8 326	8 774
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	2 397	1 558	3 376	1 424	36 696	36 696	27 652	28 316	28 972
TOTAL EXPENDITURE OTHER ITEMS	111 931	104 764	128 594	135 103	190 163	190 163	196 558	202 753	219 744
Renewal of Existing Assets as % of total capex	31.3%	62.7%	47.8%	67.5%	61.2%	61.2%	31.9%	21.3%	21.2%
Renewal of Existing Assets as % of deprecn"	130.7%	351.3%	205.3%	140.7%	229.7%	229.7%	67.8%	47.9%	38.1%
R&M as a % of PPE	6.4%	5.0%	6.0%	5.5%	9.2%	9.2%	8.9%	8.6%	9.0%
Renewal and R&M as a % of PPE	10.0%	15.0%	11.0%	9.0%	15.0%	15.0%	10.0%	9.0%	9.0%

NC091 Sol Plaatje - Table A10 Basic service delivery measurement

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Household service targets									
<u>Water:</u>									
Piped water inside dwelling	52 832	52 910	53 802	58 107	58 107	58 107	58 107	58 107	58 107
Piped water inside yard (but not in dwelling)	-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	52 832	52 910	53 802	58 107	58 107	58 107	58 107	58 107	58 107
Using public tap (< min.service level)	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	-	-	-	-	-	-	-	-	-
No water supply	7 465	7 387	6 495	4 797	4 797	4 797	6 082	6 082	6 082
<i>Below Minimum Service Level sub-total</i>	7 465	7 387	6 495	4 797	4 797	4 797	6 082	6 082	6 082
Total number of households	60 297	60 297	60 297	62 904	62 904	62 904	64 189	64 189	64 189
<u>Sanitation/sewerage:</u>									
Flush toilet (connected to sewerage)	51 741	53 097	53 989	58 005	58 005	58 005	58 005	58 005	58 005
Flush toilet (with septic tank)	-	-	-	-	-	-	-	-	-
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	51 741	53 097	53 989	58 005	58 005	58 005	58 005	58 005	58 005
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	8 556	7 200	6 308	4 899	4 899	4 899	4 620	4 620	4 620
<i>Below Minimum Service Level sub-total</i>	8 556	7 200	6 308	4 899	4 899	4 899	4 620	4 620	4 620
Total number of households	60 297	60 297	60 297	62 904	62 904	62 904	62 625	62 625	62 625
<u>Energy:</u>									
Electricity (at least min.service level)	12 742	12 727	12 941	9 517	9 517	9 517	9 517	9 517	9 517
Electricity - prepaid (min.service level)	38 948	40 663	40 663	47 255	47 255	47 255	47 255	47 255	47 255
<i>Minimum Service Level and Above sub-total</i>	51 690	53 390	53 604	56 772	56 772	56 772	56 772	56 772	56 772
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	-	-	-	-	-	-	-
Other energy sources	8 607	6 907	6 693	6 132	6 132	6 132	12 094	12 094	12 094
<i>Below Minimum Service Level sub-total</i>	8 607	6 907	6 693	6 132	6 132	6 132	12 094	12 094	12 094
Total number of households	60 297	60 297	60 297	62 904	62 904	62 904	68 866	68 866	68 866
<u>Refuse:</u>									
Removed at least once a week	50 807	51 407	52 007	56 614	56 614	56 614	56 614	56 614	56 614
<i>Minimum Service Level and Above sub-total</i>	50 807	51 407	52 007	56 614	56 614	56 614	56 614	56 614	56 614
Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
Using communal refuse dump	-	-	-	-	-	-	-	-	-
Using own refuse dump	-	-	-	-	-	-	-	-	-
Other rubbish disposal	-	-	-	-	-	-	-	-	-
No rubbish disposal	9 490	8 890	8 290	6 290	6 290	6 290	12 406	12 406	12 406
<i>Below Minimum Service Level sub-total</i>	9 490	8 890	8 290	6 290	6 290	6 290	12 406	12 406	12 406
Total number of households	60 297	60 297	60 297	62 904	62 904	62 904	69 020	69 020	69 020

NC091 Sol Plaatje - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - MUNICIPAL AND GENERAL	Vote 3 - MUNICIPAL MANAGER	Vote 4 - CORPORATE SERVICES	Vote 5 - COMMUNITY SERVICES	Vote 6 - FINANCIAL SERVICES	Vote 7 - STRATEGY ECON DEVELOPMEN T AND PLANNING	Vote 8 - INFRASTRUCT URE AND SERVICES	Total
R thousand									
Revenue By Source									
Property rates						486 708			486 708
Property rates - penalties & collection charges									-
Service charges - electricity revenue								700 551	700 551
Service charges - water revenue								255 104	255 104
Service charges - sanitation revenue								75 450	75 450
Service charges - refuse revenue					56 783				56 783
Service charges - other									-
Rental of facilities and equipment					80		810	9 800	10 690
Interest earned - external investments		19 000							19 000
Interest earned - outstanding debtors		70 000							70 000
Dividends received									-
Fines					12 160	11 000			23 160
Licences and permits					2 985	285			3 270
Agency services					6 280				6 280
Other revenue		3 728		2 928	9 914	918	7 889	1 282	26 659
Transfers recognised - operational		149 745	2 120	3 700	7 407	2 925			165 897
Gains on disposal of PPE									-
Total Revenue (excluding capital transfers and contributions)	-	242 473	2 120	6 628	95 609	501 836	8 699	1 042 186	1 899 552
Expenditure By Type									
Employee related costs	13 527	61 561	16 306	47 628	188 493	100 818	40 363	175 646	644 340
Remuneration of councillors	23 312								23 312
Debt impairment		81 000						109 500	190 500
Depreciation & asset impairment		39 500			1 850			14 300	55 650
Finance charges		425						27 332	27 757
Bulk purchases								506 500	506 500
Other materials	34	36 924	529	2 229	24 377	2 263	6 248	68 305	140 908
Contracted services		4 555	2 800	262	1 092	1 169	657	23 828	34 363
Transfers and grants	660	60 400			150			300	61 510
Other expenditure	5 085	66 000	1 421	10 080	25 022	17 006	5 266	76 623	206 503
Loss on disposal of PPE									-
Total Expenditure	42 618	350 365	21 056	60 198	240 984	121 255	52 534	1 002 333	1 891 344
Surplus/(Deficit)	(42 618)	(107 892)	(18 936)	(53 569)	(145 376)	380 581	(43 835)	39 853	8 208
Transfers recognised - capital		75 732							75 732
Contributions recognised - capital									-
Contributed assets									-
Surplus/(Deficit) after capital transfers & contributions	(42 618)	(32 160)	(18 936)	(53 569)	(145 376)	380 581	(43 835)	39 853	83 940

NC091 Sol Plaatje - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
ASSETS									
Call investment deposits									
Call deposits < 90 days	336 560	320 607	275 457	240 000	240 000	240 000	264 038	314 915	414 877
Other current investments > 90 days									
Total Call investment deposits	336 560	320 607	275 457	240 000	240 000	240 000	264 038	314 915	414 877
Consumer debtors									
Consumer debtors	638 070	815 394	902 709	1 247 961	1 247 961	1 247 961	1 278 236	1 482 282	1 686 326
Less: Provision for debt impairment	(428 605)	(546 772)	(640 525)	(960 340)	(960 340)	(960 340)	(1 000 085)	(1 202 740)	(1 420 761)
Total Consumer debtors	209 465	268 622	262 184	287 621	287 621	287 621	278 151	279 542	265 565
Debt impairment provision									
Balance at the beginning of the year	312 510	428 605	550 822	799 340	799 340	799 340	809 585	1 000 085	1 202 740
Contributions to the provision	122 000	133 000	149 010	161 000	161 000	161 000	190 500	202 655	218 021
Bad debts written off	(5 905)	(14 833)	(51 247)						
Balance at end of year	428 605	546 772	648 585	960 340	960 340	960 340	1 000 085	1 202 740	1 420 761
Property, plant and equipment (PPE)									
PPE at cost/valuation (excl. finance leases)	1 124 644	1 714 199	1 901 990	2 096 525	2 096 525	2 096 525	2 221 180	2 358 489	2 476 254
Leases recognised as PPE									
Less: Accumulated depreciation	40 303	479 051	531 180	619 013	619 013	619 013	640 430	701 397	766 877
Total Property, plant and equipment (PPE)	1 084 340	1 235 148	1 370 810	1 477 512	1 477 512	1 477 512	1 580 750	1 657 092	1 709 376
LIABILITIES									
Current liabilities - Borrowing									
Short term loans (other than bank overdraft)									
Current portion of long-term liabilities	20 255	13 728	10 882	10 878	10 878	10 878	8 246	9 260	9 404
Total Current liabilities - Borrowing	20 255	13 728	10 882	10 878	10 878	10 878	8 246	9 260	9 404
Trade and other payables									
Trade and other creditors	145 713	169 064	139 018	195 015	195 015	195 015	163 652	178 380	191 759
Unspent conditional transfers	35 106	2 594	31 651						
VAT	16 530	20 910	20 315	22 478	22 478	22 478	20 297	19 079	17 553
Total Trade and other payables	197 349	192 568	190 984	217 493	217 493	217 493	183 948	197 459	209 311
Non current liabilities - Borrowing									
Borrowing	195 337	237 719	226 818	226 841	226 841	226 841	202 090	184 584	165 920
Finance leases (including PPP asset element)									
Total Non current liabilities - Borrowing	195 337	237 719	226 818	226 841	226 841	226 841	202 090	184 584	165 920
Provisions - non-current									
Retirement benefits	186 016	196 874	169 481	221 483	221 483	221 483	202 276	222 503	244 753
List other major provision items									
Refuse landfill site rehabilitation									
Other	41 782	47 442	43 957	53 373	53 373	53 373	52 463	57 184	62 903
Total Provisions - non-current	227 798	244 316	213 438	274 856	274 856	274 856	254 738	279 687	307 656
CHANGES IN NET ASSETS									
Accumulated Surplus/(Deficit)									
Accumulated Surplus/(Deficit) - opening balance	1 023 755	1 284 325	1 548 544	1 623 245	1 623 245	1 623 245	1 974 130	2 062 370	2 173 029
GRAP adjustments		(9 612)							
Restated balance	1 023 755	1 274 713	1 548 544	1 623 245	1 623 245	1 623 245	1 974 130	2 062 370	2 173 029
Surplus/(Deficit)	260 569	263 163	230 522	75 154	161 018	161 018	83 940	106 409	101 486
Appropriations to Reserves		(46 512)	(76 035)		(85 864)	(85 864)			
Transfers from Reserves									
Depreciation offsets									
Other adjustments		57 180	90 369						
Accumulated Surplus/(Deficit)	1 284 325	1 548 544	1 793 399	1 698 400	1 698 400	1 698 400	2 058 070	2 168 779	2 274 515
Reserves									
Housing Development Fund									
Capital replacement	103 605	88 680	73 311	50 000	50 000	50 000	55 000	50 000	45 000
Self-insurance	18 878	22 877	23 206	26 000	26 000	26 000	24 150	24 600	25 000
COVID	9 232	9 490	10 196	9 800	9 800	9 800	10 850	11 100	11 450
Revaluation									
Total Reserves	131 715	121 046	106 712	85 800	85 800	85 800	90 000	85 700	81 450
TOTAL COMMUNITY WEALTH/EQUITY	1 416 040	1 669 590	1 900 112	1 784 200	1 784 200	1 784 200	2 148 070	2 254 479	2 355 965

Total capital expenditure includes expenditure on nationally significant priorities:

[illegible]

NC091 Sol Plaatje - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
KPA 1: Local Economic Development	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	A	7 286	5 236	7 734	8 325	8 325	8 325	3 420	3 631	3 836
	To initiate, lead and sustain an investment environment for job creation in the SPM Area	B									
	To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth	C							429	454	479
KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development	To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	D							2 120	2 236	2 348
	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	E	885 318	852 636	1 018 682	1 081 661	1 182 998	1 182 998	75 732	98 163	92 226
	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management and roads and stormwater as well as community services to all residents of SPM	F							1 098 989	1 174 292	1 254 864
	To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	G							43 656	46 107	48 240
KPA 3: Municipal Financial Viability and Management	Ensure sound financial management and financial sustainability of SPM	H	388 033	379 124	484 789	492 312	492 312	492 312	501 836	534 407	569 641
KPA 4: Municipal Institutional Development and Transformation	To provide an overarching framework for sustainable municipal performance improvement	I	4 940	420 974	6 096	5 960	5 960	5 960	249 101	254 997	270 717
	To provide a framework for Municipal Transformation and Institutional Development	J									
KPA 5: Good Governance and Public Participation	To continuously assess internal control environment by conducting internal audits across various functions of the municipality	K	270 304	7 275	220 599	225 238	225 238	225 238			
	To ensure that the municipality provides basic services to the community in a cost effective manner	L									
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			1 555 881	1 665 246	1 737 901	1 813 497	1 914 834	1 914 834	1 975 284	2 114 287	2 242 351

NC091 Sol Plaatje - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
KPA 1: Local Economic Development	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	A	28 539	34 148	35 052	42 198	42 198	42 198	2 365	2 496	2 620
	To initiate, lead and sustain an investment environment for job creation in the SPM Area	B							9 614	10 154	10 694
	To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth	C									
KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development	To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	D							2 120	2 236	2 348
	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	E	888 111	810 776	1 017 465	1 164 522	1 179 995	1 179 995	211 935	225 917	239 674
	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management and roads and stormwater services as well as community services to all residents of SPM	F							854 772	919 858	988 593
	To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	G							216 707	228 951	241 282
KPA 3: Municipal Financial Viability and Management	Ensure sound financial management and financial sustainability of SPM	H	77 743	83 887	86 834	112 557	112 557	112 557	121 255	127 900	134 210
KPA 4: Municipal Institutional Development and Transformation	To provide an overarching framework for sustainable municipal performance improvement	I	9 552	423 965	12 473	14 074	14 074	14 074	453 640	470 389	500 468
	To provide a framework for Municipal Transformation and Institutional Development	J									
KPA 5: Good Governance and Public Participation	To continuously assess internal control environment by conducting internal audits across various functions of the municipality	K	291 367	49 306	355 555	404 992	404 992	404 992			
	To ensure that the municipality provides basic services to the community in a cost effective manner	L							18 936	19 977	20 976
Allocations to other priorities											
Total Expenditure			1 295 311	1 402 082	1 507 379	1 738 343	1 753 816	1 753 816	1 891 344	2 007 878	2 140 865

NC091 Sol Plaatje - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
KPA 1: Local Economic Development	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	A	2 178	5 292	113	9 100	14 100	14 100	7 900	21 458	38 420
	To initiate, lead and sustain an investment environment for job creation in the SPM Area	B									
	To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth	C									
KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development	To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	D				43 053	65 360	65 360	77 959	77 389	51 245
	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	E	126 618	220 495	190 977	36 960	84 182	84 182	15 349	32 496	23 100
	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management and roads and stormwater services as well as community services to all residents of SPM	F									
	To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	G	34 847			15 096	29 875	29 875	8 964	966	
KPA 3: Municipal Financial Viability and Management	Ensure sound financial management and financial sustainability of SPM	H	1 923	3 192	3 242	4 500	4 500	4 500	5 000	2 000	2 000
KPA 4: Municipal Institutional Development and Transformation	To provide an overarching framework for sustainable municipal performance improvement	I	502	9 145	3 575	3 000	3 000	3 000	3 000	3 000	3 000
	To provide a framework for Municipal Transformation and Institutional Development	J									
KPA 5: Good Governance and Public Participation	To ensure an Unqualified Audit Report	K									
	To enhance the public profile, reputation and positioning of the SPM	L	13 220	285							
Allocations to other priorities											
Total Capital Expenditure			179 288	238 409	197 907	111 709	201 017	201 017	118 172	137 309	117 765

NC091 Sol Plaatje - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
1. Local Economic Development										
1.1 To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks										
Promote tourism into the city using arts, culture and heritage as a strategy by creating a marketing platform for SMME's through events partnerned by Sol Plaatje on an annual basis.	Number of marketing platforms created (events)	Not a target in this FY	Not a target in this FY	Not a target in this FY	3.0	3	3	3	3	3
Support SMME's through business incubation by setting up developmental programmes for at least 10 businesses annually	Number of business provided with a developmental programme	Not a target in this FY	Not a target in this FY	Not a target in this FY	10	10	10	10	10	10
Review the current by-laws applying to land development as well as rezoning of both privately owned and government owned land parcels by 30 June 2017	Approval of the by-law and government gazette publishing the by-law	Not a target in this FY	Not a target in this FY	Not a target in this FY	New	100.0%	100.0%	100.0%	100.0%	100.0%
Improving the turnaround time for development applications (rezoning) from receipt of all sectional comments, submission to Development and Planning Committee and Council to 10 weeks by 30 June 2017	Average time in weeks to approve applications	Not a target in this FY	Not a target in this FY	9.75	10weeks	10weeks	10weeks	10weeks	10weeks	10weeks
Ensuring a turnaround time of 6 weeks for building plan approval by 30 June 2017 for buildings for architectural buildings less than 500m² in accordance with NBRBSA - 103/1977	Average time in weeks to approve building plans	8 weeks	8.67	4.25	6weeks	6weeks	6weeks	4weeks	4weeks	4weeks
Ensuring the turnaround time for building plan approval to 10 weeks by 30 June 2017 for buildings or architectural buildings greater than 500m² in accordance with NBRBSA - 103/197	Average time in weeks to approve building plans	8 weeks	11.67	11	9weeks	9weeks	9weeks	8weeks	8weeks	8weeks
To improve the SCM turnaround time for annual contracts to 12 weeks from closing date to date of award.	Average time in weeks to award annual tenders	8 weeks	7.84	10	12weeks	12weeks	12weeks	12weeks	12weeks	12weeks
To improve the SCM turnaround time for once-off contracts to 6 weeks from closing date to date of award.	Average time in weeks to award once-off contracts	Not a target in this FY	12.08	7.58	6weeks	6weeks	6weeks	6weeks	6weeks	6weeks
1.2 To initiate, lead and sustain an investment environment for job creation in the SPM Area										
Create 300 FTE jobs through EPWP initiatives of the SPM by 30 June 2017	Number of FTE jobs created	115	893	710	300	300	300	350	375	375
1.3 To leverage municipal assets and the municipal assets and the municipal procurement process with the view to stimulate redistribution and growth										
Ensure that at least 60% of the Municipality's own procurement for goods and services are sourced from local BEE and SMME service providers (category D2)	% of the Municipality's own procurement for goods and services sourced from Local Black SMME's (Category D2 per the financial system)	65.0%	67.0%	68.0%	1	60.0%	60.0%	60.0%	60.0%	60.0%
To perform at least two feasibility studies to identify suitable land for human settlements in order to ensure security of land tenure for people by 30 June 2017	Number of feasibility studies performed	Not a target in this FY	R 1,867m	Not a target in this FY	2	2	2	2	2	2
2. Service Delivery										
2.1 To ensure adequate provision of bulk infrastructure to unlock and sustain development and growth										
For the replacement project of the 2 high lift pumps in Riverton, ensure that the tender for replacement is awarded and the order for the two pumps by 30 June 2017	% completion of the identified tasks	Not a target in this FY	0	20.0%	2.00	100.0%	100.0%	100.0%	100.0%	100.0%
To commence with the procurement process for the construction of a new pump station in Riverton (to host the new high lift pumps) by 30 June 2017	% completion of the identified tasks	Not a target in this FY	64.0%	Not a target in this FY	New	100.0%	100.0%			
Complete 100% of the dewatering phase of the Homevale waste water project by 30 June 2017.	% completion of the project	Not a target in this FY	Not a target in this FY	Not a target in this FY	New	70.0%	70.0%	30.0%		
To complete 100% of phase 1 for the upgrade of the Richie WTW by 30 June 2017.	% complete in terms of the project plan	Not a target in this FY	Not a target in this FY	Not a target in this FY	New	New	New	60.0%	80.0%	100.0%
2.2 To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets										
Decrease electricity losses to 17% by 30 June 2017	% electricity losses	Not a target in this FY	16.47%	25.7%	15.5%	15.5%	15.5%	17.0%	16.0%	15.0%
Decrease non-revenue water losses to 45% by 30 June 2017	% water losses	Not a target in this FY	44.0%	41.4%	37.0%	37.0%	37.0%	45.0%	40.0%	35.0%
Achieve 100% BDS Bluedrop Status by 30 June 2017	% status achieved	Not a target in this FY	78.0%	72.0%	92.0%	92.0%	92.0%	100.0%	100.0%	100.0%
Achieve 100% GDS Greendrop Status by 30 June 2017	% status achieved	Not a target in this FY	56.0%	67.0%	90.0%	90.0%	90.0%	100.0%	100.0%	100.0%
Paving of 6 km of residential roads by 30 June 2017	Kilometres of streets paved	Not a target in this FY	17km	11.9km	2.5km	2.5km	2.5km	6km	6km	6km
Resealing of 5km of roads	Kms of roads resealed	Not a target in this FY	Not a target in this FY	Not a target in this FY	New	New	New			
2.3 To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and stormwater services to all residents of SPM										
To connect 446 additional households to the electricity network by 30 June 2017	Number of houses connected to electricity network	Not a target in this FY	492	2170	446	446	446			
12 000 Indigent households to receive free basic services (water, electricity and waste removal according to national guidelines) by 30 June 2017	Number of indigent households receiving free basic services	Not a target in this FY	0	13395	12000	12000	12000	12000	12000	12000
409 Additional Households to be provided with a subsidised house by 30 June 2017	No of houses provided	Not a target in this FY	1854	375	409.00	409	409			

To submit the layout plans of 2 000 Additional erven planned to Surveyor General by 30 June 2017	No of erven surveyed on approved SG diagramme	Not a target in this FY	1067	570	2000	2000	2000			
Complete the project on the upgrade of the landfill site by 30 June 2017	Project reports and actual measurement on the ground	Not a target in this FY	Not a target in this FY	Not a target in this FY	Not a target in this FY	Not a target in this FY	Not a target in this FY	1	-	-
Complete 50% of the construction of the Homevale Firestation	Project reports and actual measurement on the ground	Not a target in this FY	Not a target in this FY	Not a target in this FY	Not a target in this FY	Not a target in this FY	Not a target in this FY	0.5	0.5	-
3. Financial Management and Viability										
3.1 To ensure sound financial management and financial sustainability of the SPM										
Improve revenue enhancement by ensuring a collection rate of 90.5% after debt write off by 30 June 2017	% collection rate	88%	79.0%	86.0%	89.4%	89.4%	89.4%	90.5%	90.5%	90.5%
To spend at least 90% of the Capital Budget (including VAT) on capital projects identified to the IDP by 30 June 2017	% capital expenditure of capital budget	100%	83.0%	78.0%	90.0%	90.0%	90.0%	95.0%	95.0%	95.0%
To spend at least 95% of the Operational Budget annually (30 June)	% operating expenditure of operational budget	95%	90.0%	88.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Maintain the debt coverage ratio of at least 2:1 against net assets of the municipality by 30 June 2017	Debt coverage (Total operating revenue-operating grants received)/debt service payments due within the year)	25%	1.83:1	2.15:1	02:01	8.4%	8.4%	8.4%	8.4%	8.4%
Reduce the net debtor days to 200 days by 30 June 2017	Debtor days - ((Gross Debtors - Bad Debt Provision) / Billed Revenue) × 365	25%	31.0%	Not a target in this FY	New	200	200	180	160	160
Maintain the cost coverage ratio of 2:1 annually	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)).	Not a target in this FY	2.2:1	2.74:1	2.0:01	2.0:01	2.0:01	2.0:01	3.0:01	3.0:01
Ensure that the budget allocation of employee related costs does not exceed 30% of the annual Operational Budget	Employee related cost as a % of operational budget	16%	4.7%	30.8%	0.32	32.0%	32.0%	30.0%	30.0%	30.0%
To implement an effective and efficient Supply Chain Management System by ensuring that successful appeals is not more than 5% of tenders/quotes awarded by 30 June 2017	% successful appeals against total number of awards made per period	33%	32.0%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
To appropriate at least 8% of the operational budget to repairs and maintenance annually	% allocation to repairs and maintenance	5%	8.25%	5.5%	8.0%	8.0%	8.0%	10.0%	10.0%	10.0%
4. Municipal Institution and Transformation										
4.1 To provide an overarching framework for sustainable municipal performance improvement										
Review the integrated performance management policy by 31 May 2016	Reviewed policy, Minutes of council meeting where approved	Not a target in this FY	Not a target in this FY	100.0%	1.00	1	1	1	1	1
Submit quarterly organisational performance reports to the Executive Mayor by the 20th of the month following the end of each Quarter	No of reports submitted to the mayor	Not a target in this FY	80.0%	4	4	4	4	4	4	4
Conduct bi-annual performance assessments of the municipal manager and managers reporting directly to the municipal manager	Number of assessments conducted	Not a target in this FY	4	2	2	2	2	2	2	2
Approve the final IDP Review 2015/16 for adoption to Council by 31 May 2017	Reviewed IDP	Not a target in this FY	15.0%	Not a target in this FY	100%	1	1	1	1	1
Submit the final SDBIP to the Executive Mayor by 30 June 2017	Final SDBIP submitted	Not a target in this FY	2	Not a target in this FY	1	1	1	1	1	1
4.2 To provide a framework for Municipal Transformation and Institutional Development										
To table the Human Resource Management Plan to council by 30 June 2017	HRM Plan tabled	100%	60.0%	90.0%	100.0%	1	1	1	1	1
Achieve 100% compliance with the EAP plan of the municipality by ensuring representation of the racial profile of the local authority on municipal level.	% compliance	100%	70.0%	100.0%	80.0%	80.0%	80.0%	100.0%	100.0%	100.0%
Review and submit the strategic risk register to the Accounting Officer by 31 March 2017	Strategic risk register	Not a target in this FY	Not a target in this FY	Not a target in this FY	1.00	1	1	1	1	1
To report quarterly on the progress of risk mitigation to the Executive Management Team (EMT)	Quarterly reports on risk mitigation	Not a target in this FY	Not a target in this FY	Not a target in this FY	4.00	4	4	4	4	4
To submit an Annual Report on risk management maturity level of SPM to NT by 30 June each year	Report submitted to National Treasury	Not a target in this FY	Not a target in this FY	100.0%	1.00	1	1	1	1	1
Implement security project to increase the quality of security within SPM by 30 June 2017.	% complete in terms of the project plan	Not a target in this FY	Not a target in this FY	New	New	-	-	1	-	-
5. Good Governance and Public Participation										
5.2 Enhance the Public Profile, Reputation and Positioning of SPM										
Establish an updated and user friendly website by 30 June 2017.	% compliance	Not a target in this FY	100.0%	82.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To effectively communicate to the public by issuing monthly newsletters and press releases when required.	Number of newsletters and press releases issued.	Not a target in this FY	400.0%	Not a target in this FY	12	12	12	12	12	12
5.3 To continuously assess internal control environment by conducting internal audits across various functions of the municipality										
Internal audit to perform an assessment of the internal control environment and other risk areas within the municipality and issue at least 10 internal audit reports to the audit committee during the year	Number of internal audit reports compiled	Not a target in this FY	Not a target in this FY	Not a target in this FY	10	10	10	10	10	10
5.4 To ensure that the municipality provides basic services to the community in a cost effective manner										
Adoption of the back to basics to inform service delivery strategy of the municipality annually	Back to Basics strategy adopted	Not a target in this FY	Not a target in this FY	Not a target in this FY	1	100.0%	100.0%	100.0%	100.0%	100.0%
Approve the Community Survey Policy as part of the implementation of Back to Basics Document. The policy will stipulate the literature, methodology, approach, analysis, conclusion and reporting as well as confidentiality clauses pertaining to the protection of the participants.	Approved community survey policy	Not a target in this FY	Not a target in this FY		1	1	1	0	0	0

NC091 Sol Plaatje - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Borrowing Management</u>										
Credit Rating		Aa3.za	Aa3.za	Baa1.za	Baa1.za	Baa1.za	Baa1.za			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.2%	3.4%	2.9%	2.3%	2.3%	2.3%	1.9%	1.8%	1.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.2%	3.6%	3.0%	2.6%	2.5%	2.5%	2.1%	1.9%	1.8%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	82.3%	66.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	Long Term Borrowing/ Funds & Reserves	148.3%	196.4%	212.6%	264.4%	264.4%	264.4%	224.5%	215.4%	203.7%
<u>Liquidity</u>										
Current Ratio	Current assets/current liabilities	3.1	3.9	4.3	3.2	3.2	3.2	4.6	4.5	4.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.1	3.9	4.3	3.2	3.2	3.2	4.6	4.5	4.5
Liquidity Ratio	Monetary Assets/Current Liabilities	1.3	1.3	1.2	0.9	0.9	0.9	1.2	1.3	1.6
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.0%	72.0%	79.9%	88.8%	83.0%	83.0%	90.0%	90.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.0%	72.0%	79.9%	88.8%	83.0%	83.0%	90.0%	90.2%	91.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	30.4%	39.9%	42.4%	34.6%	33.7%	33.7%	39.4%	37.3%	33.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Creditors Management</u>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		45.0%	55.4%	50.5%	86.9%	82.4%	82.4%	62.0%	56.6%	46.2%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)	Total Volume Losses (kW)	82 660	81 135	108 817	77 639	77 639	77 639	90 546	85 219	79 893
	Total Cost of Losses (Rand '000)	50 193	51 511	75 654	57 795	57 795	57 795	73 780	74 995	75 933
	% Volume (units purchased and generated less units sold)/units purchased and generated	16.6%	16.4%	22.2%	15.5%	15.5%	15.5%	17.0%	16.0%	15.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	13 107	18 463	18 941	12 502	12 502	12 502	10 732	9 716	8 659
	Total Cost of Losses (Rand '000)	19 370	36 915	36 520	26 096	26 096	26 096	32 625	31 900	30 704
	% Volume (units purchased and generated less units sold)/units purchased and generated	44.0%	55.7%	55.2%	37.0%	37.0%	37.0%	45.0%	40.0%	35.0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	30.3%	31.1%	28.6%	34.1%	33.5%	33.5%	33.9%	33.9%	33.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.3%	32.4%	29.8%	35.4%	34.7%	34.7%	35.1%	35.1%	34.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.8%	4.1%	5.1%	4.7%	7.6%	7.6%	7.4%	7.0%	7.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	4.7%	4.6%	4.7%	4.8%	4.6%	4.6%	4.4%	4.4%	4.2%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	13.0	12.6	39.4	14.4	14.4	14.4	35.2	36.0	38.4
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	36.8%	49.7%	52.6%	41.4%	41.3%	41.3%	47.1%	44.3%	40.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.7	3.2	2.8	1.9	2.0	2.0	2.0	2.3	2.8

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Total municipal services		2013/14	2013/14	2014/15	Current Year 2015/16			2015/17 Medium Term Revenue & Expenditure Forecasts			
	Net	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
	Net	<u>Residential services targets (R\$)</u>									
8	Other	Paved water intake dwelling	52 832	52 915	53 853	58 187	58 187	58 187	58 187	58 187	
		Paved water intake and not in dwelling	-	-	-	-	-	-	-	-	
		Using public tap to at least min service level	-	-	-	-	-	-	-	-	
9	Other	Other water supply (at least min service level)	52 832	52 915	53 853	58 187	58 187	58 187	58 187	58 187	
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	
10	Using public tap to min service level	7 485	7 387	7 485	4 797	4 797	4 797	6 082	6 082	6 082	
		No water supply	7 485	7 387	7 485	4 797	4 797	4 797	6 082	6 082	
9	Other	Other water supply (≥ min service level)	60 297	60 297	60 297	62 964	62 964	62 964	64 189	64 189	
		Below Minimum Service Level sub-total	-	-	-	-	-	-	-	-	
		Total number of households	60 297	60 297	60 297	62 964	62 964	62 964	64 189	64 189	
		Revenue/Expenditure									
		Flush toilet (connected to sewerage)	51 741	53 097	53 889	58 005	58 005	58 005	58 005	58 005	58 005
		Flush toilet with septic tank	-	-	-	-	-	-	-	-	-
		Chemical toilet	-	-	-	-	-	-	-	-	-
		Pit latrine installed	-	-	-	-	-	-	-	-	-
		Other toilet provision (≥ min service level)	51 741	53 097	53 889	58 005	58 005	58 005	58 005	58 005	58 005
		Minimum Service Level and Above sub-total	-	-	-	-	-	-	-	-	
		Bucket toilet	-	-	-	-	-	-	-	-	
		Other toilet provision (≥ min service level)	5 556	7 205	6 308	4 889	4 889	4 889	4 620	4 620	4 620
		No toilet provision	5 556	7 205	6 308	4 889	4 889	4 889	4 620	4 620	4 620
		Below Minimum Service Level sub-total	60 297	60 297	60 297	62 964	62 964	62 964	64 189	64 189	
		Total number of households	60 297	60 297	60 297	62 964	62 964	62 964	64 189	64 189	
		Electricity									
		Electricity (≥ min service level)	12 742	12 727	12 941	9 517	9 517	9 517	9 517	9 517	9 517
		Electricity - impiped into service level	39 846	40 463	40 683	47 235	47 235	47 235	47 235	47 235	47 235
		Minimum Service Level and Above sub-total	51 689	53 396	53 396	58 772	58 772	58 772	58 772	58 772	58 772
		Electricity - impiped (≥ min service level)	-	-	-	-	-	-	-	-	-
		Other energy sources	8 657	8 867	4 683	6 132	6 132	6 132	12 046	12 046	12 046
		Below Minimum Service Level sub-total	8 657	8 867	4 683	6 132	6 132	6 132	12 046	12 046	12 046
		Total number of households	60 297	60 297	60 297	62 964	62 964	62 964	64 189	64 189	
		Water									
		Removed of at least one week	58 857	51 427	52 097	58 854	58 854	58 854	58 854	58 854	58 854
		Minimum Service Level and Above sub-total	58 857	51 427	52 097	58 854	58 854	58 854	58 854	58 854	58 854
		Removed less frequently than once a week	-	-	-	-	-	-	-	-	-
		Using communal water pump	-	-	-	-	-	-	-	-	-
		Using own water pump	-	-	-	-</					

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Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Valuation:									
Date of valuation:	2011-01-01	2011-01-01	2011-01-01	2015/2016					
Financial year valuation used	2012/2013	2011/12	2013/14	2015/16			2015/16		
Municipal by-laws s6 in place? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Municipal/assistant valuer appointed? (Y/N)	Yes	Yes	Yes	No			Yes		
Municipal partnership s38 used? (Y/N)	No	No	No	No	No	No	No	No	No
No. of assistant valuers (FTE)	1	3	1	1	1	1	1	1	1
No. of data collectors (FTE)	5	3	10	2	6	6	6	6	6
No. of internal valuers (FTE)	1	2	1	-	2	2	2	2	2
No. of external valuers (FTE)	-	-	2	-	1	1	-	-	-
No. of additional valuers (FTE)	-	-	-	-	-	-	-	-	-
Valuation appeal board established? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Implementation time of new valuation roll (mths)	2	2	10	48			36		
No. of properties	53 000	53 100	53 376	53 000	53 000	53 000	51 547	52 000	53 000
No. of sectional title values		1 750	1 750	1 138	1 138	1 138	1 150	1 155	1 160
No. of unreasonably difficult properties s7(2)	-	-	-						
No. of supplementary valuations	1 713	1 500	1 500	500	6 050	6 050	500	500	500
No. of valuation roll amendments	-	-	-	-	815	815	1 000	1 000	1 000
No. of objections by rate payers	-	5	15	-	1 215	1 215	50	50	50
No. of appeals by rate payers	-	3	-	-	6	6	5	5	5
No. of successful objections	-	-	-	-	704	704	25	25	25
No. of successful objections > 10%	-	-	-	-	424	424	10	10	10
Supplementary valuation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Public service infrastructure value (Rm)	31	32	31	31	31	31	31	31	31
Municipality owned property value (Rm)	468	468	580	1 087	1 087	1 087	1 087	1 087	1 087
Valuation reductions:									
Valuation reductions-public infrastructure (Rm)	9	9	9	14	47	47	47	47	47
Valuation reductions-nature reserves/park (Rm)									
Valuation reductions-mineral rights (Rm)									
Valuation reductions-R15,000 threshold (Rm)		653	653	593	593	593	597	597	597
Valuation reductions-public worship (Rm)									
Valuation reductions-other (Rm)									
Total valuation reductions:	9	662	662	607	640	640	645	645	645
Total value used for rating (Rm)	16 000	16 150	16 362	22 479	25 534	25 534	25 534	25 789	26 047
Total land value (Rm)									
Total value of improvements (Rm)									
Total market value (Rm)	17 200	17 568	17 929	24 135	28 311	28 311	28 311	28 594	28 880
Rating:									
Residential rate used to determine rate for other categories? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Differential rates used? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Limit on annual rate increase (s20)? (Y/N)	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Special rating area used? (Y/N)	No	No	No	No			No		
Phasing-in properties s21 (number)	222	165	0	0	0	0	0	0	0
Rates policy accompanying budget? (Y/N)	Yes	Yes	Yes	Yes			Yes		
Fixed amount minimum value (R'000)									
Non-residential prescribed ratio s19? (%)	0.0%	0.0%	0.0%	0.0%			0.0%		
Rate revenue:									
Rate revenue budget (R '000)	331 241	367 941	387 082	423 808	443 808	433 808	486 708	513 000	538 650
Rate revenue expected to collect (R'000)	308 054	348 374	348 374	381 427	399 427	390 427	438 037	461 700	484 785
Expected cash collection rate (%)	95.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Special rating areas (R'000)					</				

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Description	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Budget Year 2016/17																
Valuation:																
No. of properties	45 993	178	1 476	594	370	2 482	19	-	-	-	-	-	-	-	416	19
No. of sectional title property values	1 200	-	85	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of appeals by rate-payers finalised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of successful objections > 10%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Estimated no. of properties not valued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Years since last valuation (select)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Frequency of valuation (select)	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Method of valuation used (select)	Market	Market	Market	Market	Dep.Replace	Dep.Replace	Dep.Replace								Market	Market
Base of valuation (select)	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.	Land & impr.
Phasing-in properties s21 (number)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Combination of rating types used? (Y/N)	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Flat rate used? (Y/N)	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform	Uniform
Valuation reductions:																
Valuation reductions-public infrastructure (Rm)	-	-	-	-	-	-	14	-	-	-	-	-	-	-	-	-
Valuation reductions-nature reserves/park (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-mineral rights (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-R15,000 threshold (Rm)	597	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-public worship (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Valuation reductions-other (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total valuation reductions:																
Total value used for rating (Rm)	15 928	429	3 941	2 056	3 106	-	-	-	-	-	-	-	-	-	-	38
Total land value (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total value of improvements (Rm)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total market value (Rm)	15 928	429	3 941	2 056	3 106	1 087	31	-	-	-	-	-	-	-	882	38
Rating:																
Average rate	0.009688	0.031000	0.028578	0.002422	0.048434	-	-	-	-	-	-	-	-	-	-	0.213127
Rate revenue budget (R '000)	143 613	13 295	111 630	2 173	207 983	-	-	-	-	-	-	-	-	-	-	8 014
Rate revenue expected to collect (R'00																

NC091 Sol Plaatje - Supporting Table SA13a Service Tariffs by category

Description	Provide description of tariff structure where appropriate	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
						Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Property rates <i>(rate in the Rand)</i>								
Residential properties	Residential	0.009970	0.010859	0.011618	0.0093	0.009688	0.010402	0.011157
Residential properties - vacant land								
Formal/informal settlements								
Small holdings								
Farm properties - used	Agricultural farms	0.001495	0.001629	0.001743	0.0019	0.002422	0.002600	0.002789
Farm properties - not used	Agricultural business	0.002492	0.002715	0.002905	0.0023	0.002422	0.002600	0.002789
Industrial properties	Industrial	0.042370	0.046152	0.047634	0.0326	0.031000	0.033285	0.035702
Business and commercial properties	Business/Residential business	0.029909	0.032578	0.034854	0.0275	0.028578	0.030685	0.032912
Communal land - residential								
Communal land - small holdings								
Communal land - farm property								
Communal land - business and commercial								
Communal land - other								
State-owned properties	State / Public schools	0.073774	0.080359	0.087135	0.0689	0.067813	0.072811	0.078097
Municipal properties	Municipal residential	0.009970	0.010859	0.011618	-	-	-	-
Public service infrastructure	Public services infrastr.	-	-	-	-	-	-	-
Privately owned towns serviced by the owner								
State trust land								
Restitution and redistribution properties								
Protected areas								
National monuments properties								
Exemptions, reductions and rebates <i>(Rands)</i>								
Residential properties								
R15 000 threshold rebate		15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate								
Indigent rebate or exemption								
Pensioners/social grants rebate or exemption								
Temporary relief rebate or exemption								
Bona fide farmers rebate or exemption								
Other rebates or exemptions								
Water tariffs								
Domestic								
Basic charge/fixd fee <i>(Rands/month)</i>								
Service point - vacant land <i>(Rands/month)</i>								
Water usage - flat rate tariff <i>(c/Kl)</i>								
Water usage - life line tariff	Residential (0-6Kl)	3.80	4.14	4.76	5.07	5.27	5.58	5.94
Water usage - Block 1 (c/Kl)	Residential (7-20Kl)	16.16	17.60	20.24	21.55	22.41	23.75	25.26
Water usage - Block 2 (c/Kl)	Residential (21-40Kl)	18.19	19.81	22.78	24.26	25.23	26.73	28.43
Water usage - Block 3 (c/Kl)	Residential (41-60Kl)	19.23	20.94	24.08	25.65	26.68	28.26	30.06
Water usage - Block 4 (c/Kl)	Residential (more than 60Kl)	20.55	22.38	25.74	27.41	28.50	30.20	32.12
Other								
Waste water tariffs								
Domestic								
Basic charge/fixd fee <i>(Rands/month)</i>		109.50	116.65	124.33	132.31	137.60	145.73	154.11
Service point - vacant land <i>(Rands/month)</i>								
Waste water - flat rate tariff <i>(c/Kl)</i>								
Volumetric charge - Block 1 (c/Kl)								
Volumetric charge - Block 2 (c/Kl)								
Volumetric charge - Block 3 (c/Kl)								
Volumetric charge - Block 4 (c/Kl)								
Other								
Electricity tariffs								
Domestic								
Basic charge/fixd fee <i>(Rands/month)</i>								
Service point - vacant land <i>(Rands/month)</i>								
FBE								
Life-line tariff - meter								
Life-line tariff - prepaid								
Flat rate tariff - meter <i>(c/kwh)</i>								
Flat rate tariff - prepaid <i>(c/kwh)</i>								
Meter - IBT Block 1 (c/kwh)	Block 1 (0 - 50 Kwh)		1.12	1.19	1.34	1.44	1.54	1.66
Meter - IBT Block 2 (c/kwh)	Block 2 (51 - 350 Kwh)		1.53	1.63	1.83	1.97	2.12	2.27
Meter - IBT Block 3 (c/kwh)	Block 3 (351 - 600 Kwh)		1.66	1.77	1.98	2.13	2.29	2.46
Meter - IBT Block 4 (c/kwh)	Block 4 (> 600 Kwh)		1.76	1.88	2.10	2.26	2.43	2.61
Meter - IBT Block 5 (c/kwh)								
Prepaid - IBT Block 1 (c/kwh)	Block 1 (0 - 50 Kwh)		1.12	1.19	1.34	1.44	1.54	1.66
Prepaid - IBT Block 2 (c/kwh)	Block 2 (51 - 350 Kwh)		1.53	1.63	1.83	1.97	2.12	2.27
Prepaid - IBT Block 3 (c/kwh)	Block 3 (351 - 600 Kwh)		1.66	1.77	1.98	2.13	2.29	2.46
Prepaid - IBT Block 4 (c/kwh)	Block 4 (> 600 Kwh)		1.76	1.88	2.10	2.26	2.43	2.61
Prepaid - IBT Block 5 (c/kwh)								
Other								
Waste management tariffs								
Domestic								
Street cleaning charge								
Basic charge/fixd fee		78.30	83.70	88.64	94.40	98.18	103.98	109.94
80l bin - once a week								
250l bin - once a week								

NC091 Sol Plaatje - Supporting Table SA13b Service Tariffs by category - explanatory

Description	2012/13	2013/14	2014/15	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
					Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Exemptions, reductions and rebates (Rands)</u>							
<i>Residential properties</i>							
<i>R15 000 threshold rebate</i>	15 000	15 000	15 000	15 000	15 000	15 000	15 000
<u>Water tariffs</u>							
<i>Domestic</i>							
<i>Residential (0-6kl)</i>	3.80	4.14	4.76	5.07	5.27	5.58	5.94
<i>Residential (7-20kl)</i>	16.16	17.60	20.24	21.55	22.41	23.75	25.26
<i>Residential (21-40kl)</i>	18.19	19.81	22.78	24.26	25.23	26.73	28.43
<i>Residential (41-60kl)</i>	19.23	20.94	24.08	25.65	26.68	28.26	30.06
<i>Residential (more than 60kl)</i>	20.55	22.38	25.74	27.41	28.50	30.20	32.12
<u>Waste water tariffs</u>							
<i>Domestic</i>							
<i>Basic charge (Rands/month)</i>	109.50	116.65	124.33	132.31	137.60	145.73	154.11
<u>Electricity tariffs</u>							
<i>Domestic</i>							
<i>Kimpower - conventional</i>	226.52						
<i>Kimilite 1 - conventional</i>	1.5517						
<i>Kimpower - conventional</i>	1.1410						
<i>Kimilite 1 - prepaid</i>	1.4914						
<i>Kimilite 2 - prepaid</i>	1.6230						
<i>Indigents - prepaid</i>	1.4593						
<i>Meter - IBT Block 1 (c/kwh)</i>		1.12	1.19	1.34	1.44	1.54	1.66
<i>Meter - IBT Block 2 (c/kwh)</i>		1.53	1.63	1.83	1.97	2.12	2.27
<i>Meter - IBT Block 3 (c/kwh)</i>		1.66	1.77	1.98	2.13	2.29	2.46
<i>Meter - IBT Block 4 (c/kwh)</i>		1.76	1.88	2.10	2.26	2.43	2.61

NC091 Sol Plaatje - Supporting Table SA14 Household bills

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	512.21	557.90	596.87	478.56	478.56	478.56	4.0%	497.72	530.22	565.53
Electricity: Basic levy	198.70									
Electricity: Consumption	1 000.88	1 432.65	1 538.36	1 715.09	1 715.09	1 715.09	7.5%	1 843.70	1 979.58	2 123.30
Water: Basic levy										
Water: Consumption	340.22	370.53	426.09	453.73	453.73	453.73	4.0%	471.84	499.86	531.66
Sanitation	86.45	92.09	98.08	104.46	104.46	104.46	4.0%	108.63	115.05	121.67
Refuse removal	61.82	66.08	69.98	74.53	74.53	74.53	4.0%	77.51	82.09	86.80
Other										
sub-total	2 200.27	2 519.25	2 729.39	2 826.35	2 826.35	2 826.35	6.1%	2 999.40	3 206.81	3 428.95
VAT on Services	236.33	274.59	298.55	328.69	328.69	328.69		350.23	374.72	400.88
Total large household bill:	2 436.59	2 793.84	3 027.94	3 155.05	3 155.05	3 155.05	6.2%	3 349.63	3 581.53	3 829.83
% increase/-decrease		14.7%	8.4%	4.2%	–	–		6.2%	6.9%	6.9%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	362.66	395.01	422.60	338.83	338.83	338.83	4.0%	352.40	375.41	400.42
Electricity: Basic levy										
Electricity: Consumption	654.12	670.32	715.38	802.48	802.48	802.48	7.5%	862.67	926.25	993.50
Water: Basic levy										
Water: Consumption	268.41	292.33	336.17	357.96	357.96	357.96	4.0%	372.24	394.36	419.44
Sanitation	86.45	92.09	98.08	104.46	104.46	104.46	4.0%	108.63	115.05	121.67
Refuse removal	61.82	66.08	69.98	74.53	74.53	74.53	4.0%	77.51	82.09	86.80
Other										
sub-total	1 433.46	1 515.84	1 642.22	1 678.26	1 678.26	1 678.26	5.7%	1 773.46	1 893.16	2 021.81
VAT on Services	149.91	156.92	170.75	187.52	187.52	187.52		198.95	212.48	227.00
Total small household bill:	1 583.37	1 672.75	1 812.96	1 865.78	1 865.78	1 865.78	5.7%	1 972.41	2 105.65	2 248.81
% increase/-decrease		5.6%	8.4%	2.9%	–	–		5.7%	6.8%	6.8%
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	213.11	232.12	248.33	199.11	199.11	199.11	4.0%	207.08	220.60	235.30
Electricity: Basic levy										
Electricity: Consumption	384.03	385.01	410.89	402.24	402.24	402.24	7.5%	432.41	464.28	497.99
Water: Basic levy										
Water: Consumption	178.61	194.53	223.71	238.18	238.18	238.18	4.0%	247.69	262.40	279.09
Sanitation										
Refuse removal										
Other										
sub-total	775.75	811.65	882.93	839.53	839.53	839.53	5.7%	887.18	947.29	1 012.37
VAT on Services	78.77	81.13	88.84	89.66	89.66	89.66		95.21	101.74	108.79
Total small household bill:	854.51	892.79	971.77	929.19	929.19	929.19	5.7%	982.40	1 049.02	1 121.17
% increase/-decrease		4.5%	8.8%	(4.4%)	–	–		5.7%	6.8%	6.9%

NC091 Sol Plaatje - Supporting Table SA15 Investment particulars by type

Investment type	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	336 560	320 607	275 457	240 000	240 000	240 000	264 038	314 915	414 877
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	336 560	320 607	275 457	240 000	240 000	240 000	264 038	314 915	414 877
Consolidated total:	336 560	320 607	275 457	240 000	240 000	240 000	264 038	314 915	414 877

NC091 Sol Plaatje - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Parent municipality									
Long-Term Loans (annuity/reducing balance)	195 337	237 719	226 818	226 841	226 841	226 841	202 090	184 584	165 920
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Total Borrowing	195 337	237 719	226 818	226 841	226 841	226 841	202 090	184 584	165 920

NC091 Sol Plaatje - Supporting Table SA18 Transfers and grant receipts

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
RECEIPTS:									
<u>Operating Transfers and Grants</u>									
National Government:	157 830	157 963	156 604	154 349	154 349	154 349	156 370	154 037	167 466
Local Government Equitable Share	146 493	145 905	145 440	143 335	143 335	143 335	144 171	146 972	159 833
Finance Management	1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700	1 700
Municipal Systems Improvement	800	890	934	930	930	930	1 300	1 365	1 433
EPWP Incentive	7 660	6 618	5 330	4 984	4 984	4 984	5 574		
Infrastructure Skills Development	1 377	3 000	3 300	3 500	3 500	3 500	3 700	4 000	4 500
Provincial Government:	6 920	2 571	7 372	10 735	10 585	10 585	7 407	7 757	7 757
Health subsidy	2 525	865	2 809	2 978	2 978	2 978			
COGHSTA	3 100								
Library	1 295	1 706	4 563	7 757	7 253	7 253	7 407	7 757	7 757
Department of Economic Development & Tourism (NDA)					354	354			
District Municipality:	800	1 800	2 761	–	4 000	4 000	–	–	–
Frances Baard District Municipality	800	1 800	2 761		4 000	4 000			
Other grant providers:	1 315	4 267	1 544	1 703	1 703	1 703	2 120	2 236	2 348
MIG ops	1 215	1 337	1 544	1 703	1 703	1 703	2 120	2 236	2 348
Other grant providers:	100	2 930							
Total Operating Transfers and Grants	166 865	166 601	168 281	166 787	170 638	170 638	165 897	164 030	177 571
<u>Capital Transfers and Grants</u>									
National Government:	97 644	99 126	60 497	64 276	94 540	94 540	75 732	98 163	92 226
Municipal Infrastructure Grant (MIG)	50 674	54 045	45 667	46 626	46 626	46 626	45 432	48 716	51 452
Neighbourhood Development Partnership		7 220		5 000			7 500	20 858	37 420
EDSM	50	4 948							
INEP	15 086	32 914	3 000	7 000	7 000	7 000	7 400	7 989	2 354
Department of Water Affairs	31 833		11 830	5 550	40 914	40 914	15 000	20 000	
INEP (Eskom)				100			400	600	1 000
Provincial Government:	3 240	36 743	47 263	–	20 674	20 674	–	–	–
Department of Water Affairs		20 617							
COGHSTA	3 240	15 165	43 863		20 674	20 674			
DHLG (GURP)		960	3 400						
District Municipality:	1 306	4 284	5 996	–	5 000	5 000	–	–	–
Frances Baard District Municipality	1 306	4 284	5 996		5 000	5 000			
Other grant providers:	7 768	–	–	–	–	–	–	–	–
Transnet	7 768								
Total Capital Transfers and Grants	109 958	140 153	113 756	64 276	120 213	120 213	75 732	98 163	92 226
TOTAL RECEIPTS OF TRANSFERS & GRANTS	276 823	306 754	282 036	231 063	290 851	290 851	241 629	262 193	269 797

NC091 Sol Plaatje - Supporting Table SA19 Expenditure on transfers and grant programme

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
EXPENDITURE:									
<u>Operating expenditure of Transfers and Grants</u>									
National Government:	157 830	157 963	156 604	154 349	154 349	154 349	156 370	154 037	167 466
Local Government Equitable Share	146 493	145 905	145 440	143 335	143 335	143 335	144 171	146 972	159 833
Finance Management	1 500	1 550	1 600	1 600	1 600	1 600	1 625	1 700	1 700
Municipal Systems Improvement	800	890	934	930	930	930	1 300	1 365	1 433
EPWP Incentive	7 660	6 618	5 330	4 984	4 984	4 984	5 574		
Infrastructure Skills Development	1 377	3 000	3 300	3 500	3 500	3 500	3 700	4 000	4 500
Provincial Government:	6 920	2 571	7 372	10 735	10 585	10 585	7 407	7 757	7 757
Health subsidy	2 525	865	2 809	2 978	2 978	2 978			
COGHSTA	3 100								
Library				7 757	7 253	7 253	7 407	7 757	7 757
Department of Economic Development & Tourism (DET)	1 295	1 706	4 563		354	354			
District Municipality:	800	1 800	2 761	–	4 000	4 000	–	–	–
Frances Baard District Municipality	800	1 800	2 761		4 000	4 000			
Other grant providers:	1 315	4 267	1 544	1 703	1 703	1 703	2 120	2 236	2 348
MIG ops	1 215	1 337	1 544	1 703	1 703	1 703	2 120	2 236	2 348
Other grant providers:	100	2 930							
Total operating expenditure of Transfers and Grants:	166 865	166 601	168 281	166 787	170 638	170 638	165 897	164 030	177 571
<u>Capital expenditure of Transfers and Grants</u>									
National Government:	97 644	99 126	60 497	64 276	94 540	94 540	75 732	98 163	92 226
Municipal Infrastructure Grant (MIG)	50 674	54 045	45 667	46 626	46 626	46 626	45 432	48 716	51 452
Neighbourhood Development Partnership		7 220		5 000			7 500	20 858	37 420
EDSM	50	4 948							
INEP	15 086	32 914	3 000	7 000	7 000	7 000	7 400	7 989	2 354
Department of Water Affairs	31 833		11 830	5 550	40 914	40 914	15 000	20 000	
INEP (Eskom)				100			400	600	1 000
Provincial Government:	3 240	36 743	47 263	–	20 674	20 674	–	–	–
Department of Water Affairs		20 617							
COGHSTA	3 240	15 165	43 863		20 674	20 674			
DHLG (GURP)		960	3 400						
District Municipality:	1 306	4 284	5 996	–	5 000	5 000	–	–	–
Frances Baard District Municipality	1 306	4 284	5 996		5 000	5 000			
Other grant providers:	7 768	–	–	–	–	–	–	–	–
Transnet	7 768								
Total capital expenditure of Transfers and Grants	109 958	140 153	113 756	64 276	120 213	120 213	75 732	98 163	92 226
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	276 823	306 754	282 036	231 063	290 851	290 851	241 629	262 193	269 797

NC091 Sol Plaatje - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Operating transfers and grants:</u>									
National Government:									
Balance unspent at beginning of the year		1 624							
Current year receipts	157 830	156 371	156 604	154 349	154 349	154 349	156 370	154 037	167 466
Conditions met - transferred to revenue	157 830	157 995	156 604	154 349	154 349	154 349	156 370	154 037	167 466
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts	6 920	4 369	7 372	10 735	10 585	10 585	7 407	7 757	7 757
Conditions met - transferred to revenue	6 920	4 369	7 372	10 735	10 585	10 585	7 407	7 757	7 757
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts	800	1 800	2 761		4 000	4 000			
Conditions met - transferred to revenue	800	1 800	2 761	-	4 000	4 000	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts	1 315	2 437	1 544	1 703	1 703	1 703	2 120	2 236	2 348
Conditions met - transferred to revenue	1 315	2 437	1 544	1 703	1 703	1 703	2 120	2 236	2 348
Conditions still to be met - transferred to liabilities									
Total operating transfers and grants revenue	166 865	166 601	168 281	166 787	170 638	170 638	165 897	164 030	177 571
Total operating transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
<u>Capital transfers and grants:</u>									
National Government:									
Balance unspent at beginning of the year		3 138							
Current year receipts	97 644	95 988	60 497	64 276	94 540	94 540	75 732	98 163	92 226
Conditions met - transferred to revenue	97 644	99 126	60 497	64 276	94 540	94 540	75 732	98 163	92 226
Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts	3 240	36 743	47 263		20 674	20 674			
Conditions met - transferred to revenue	3 240	36 743	47 263	-	20 674	20 674	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts	1 306	4 284	5 996		5 000	5 000			
Conditions met - transferred to revenue	1 306	4 284	5 996	-	5 000	5 000	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts	7 768								
Conditions met - transferred to revenue	7 768	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Total capital transfers and grants revenue	109 958	140 153	113 756	64 276	120 213	120 213	75 732	98 163	92 226
Total capital transfers and grants - CTBM	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	276 823	306 754	282 036	231 063	290 851	290 851	241 629	262 193	269 797
TOTAL TRANSFERS AND GRANTS - CTBM	-	-	-	-	-	-	-	-	-

NC091 Sol Plaatje - Supporting Table SA21 Transfers and grants made by the municipality

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
<u>Cash Transfers to other municipalities</u>									
Total Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Entities/Other External Mechanisms</u>									
Total Cash Transfers To Entities/Ems'	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to other Organs of State</u>									
Total Cash Transfers To Other Organs Of State:	-	-	-	-	-	-	-	-	-
<u>Cash Transfers to Organisations</u>									
SPCA	650	1 170	1 300	1 400	1 700	1 700	1 500	1 500	1 500
Donation Keep Kimberley Clean	110	120	150	160	160	160	170	180	190
Sol Plaatje Educational trust	177	188	200	210	210	210	220	230	240
Gariep Festival	1 000	1 100	1 300	1 000	1 300	1 300	1 500	1 500	1 500
Diamond and Dorings Festival	676	1 500	1 560	1 800	2 100	2 100	1 500	1 500	1 500
Wildecklauer Tournament (Mayoral Gala)			125	120	120	120	120		
Arts and Culture				100	100	100			
Local Sport Development				160	160	160			
Grant Griqua Diamonds (Cricket)		100	100						
Meals on wheels			50						
South African Junior Chess Championships									
Other	10	75	285	100	1 180	1 180	1 500	1 314	1 356
Total Cash Transfers To Organisations	2 623	4 253	5 070	5 050	7 030	7 030	6 510	6 224	6 286
<u>Cash Transfers to Groups of Individuals</u>									
Total Cash Transfers To Groups Of Individuals:	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	2 623	4 253	5 070	5 050	7 030	7 030	6 510	6 224	6 286
<u>Non-Cash Transfers to other municipalities</u>									
Total Non-Cash Transfers To Municipalities:	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to Entities/Other External Mechanisms</u>									
Total Non-Cash Transfers To Entities/Ems'	-	-	-	-	-	-	-	-	-
<u>Non-Cash Transfers to other Organs of State</u>									
Total Non-Cash Transfers To Other Organs Of State:	-	-	-	-	-	-	-	-	-
<u>Non-Cash Grants to Organisations</u>									
Total Non-Cash Grants To Organisations	-	-	-	-	-	-	-	-	-
<u>Groups of Individuals</u>									
Indigent Subsidy		15 311	53 124	50 000	50 000	50 000	55 000	58 300	61 507
Total Non-Cash Grants To Groups Of Individuals:	-	15 311	53 124	50 000	50 000	50 000	55 000	58 300	61 507
TOTAL NON-CASH TRANSFERS AND GRANTS	-	15 311	53 124	50 000	50 000	50 000	55 000	58 300	61 507
TOTAL TRANSFERS AND GRANTS	2 623	19 564	58 194	55 050	57 030	57 030	61 510	64 524	67 792

NC091 Sol Plaatje - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
	A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>									
Basic Salaries and Wages	17 243	12 114	13 557	19 580	14 442	14 442	21 540	22 940	24 316
Pension and UIF Contributions		797	599		659	659			
Medical Aid Contributions		460	494		570	570			
Motor Vehicle Allowance		3 554	3 663		3 816	3 816			
Cellphone Allowance		1 534	1 528		1 513	1 513	1 773	1 888	2 001
Housing Allowances					–	–			
Other benefits and allowances				1 785	365	365			
Sub Total - Councillors	17 243	18 459	19 841	21 365	21 365	21 365	23 312	24 828	26 317
% increase		7.1%	7.5%	7.7%	–	–	9.1%	6.5%	6.0%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages	5 189	5 130	5 157	8 595	10 513	10 513	6 473	6 864	7 190
Pension and UIF Contributions	790	815	840	1 540	1 118	1 118	994	1 050	1 105
Medical Aid Contributions	208	192	188	214	100	100	126	133	140
Overtime									
Performance Bonus									
Motor Vehicle Allowance	1 793	2 008	1 702	2 482	1 805	1 805	1 715	1 814	1 910
Cellphone Allowance		102	102	–	202	202	178	188	198
Housing Allowances	61	55	55	43	17	17	34	36	37
Other benefits and allowances	599	309	333	1 022	45	45	948	1 000	1 000
Payments in lieu of leave		74	80		60	60	63	66	70
Long service awards		29	29		35	35	9	10	11
Post-retirement benefit obligations									
Sub Total - Senior Managers of Municipality	8 639	8 713	8 487	13 896	13 896	13 896	10 539	11 162	11 661
% increase		0.9%	(2.6%)	63.7%	(0.0%)	–	(24.2%)	5.9%	4.5%
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	230 550	249 375	268 932	316 508	333 798	333 798	345 992	366 150	386 065
Pension and UIF Contributions	35 642	55 411	34 110	51 332	46 761	46 761	55 535	58 767	61 955
Medical Aid Contributions	30 509	29 797	33 539	39 250	31 240	31 240	42 970	45 481	47 959
Overtime	18 532	21 433	24 635	17 635	17 635	17 635	22 845	23 691	24 960
Performance Bonus									
Motor Vehicle Allowance	25 794	28 851	37 074	37 205	32 864	32 864	39 859	42 123	44 333
Cellphone Allowance			–	–	1 090	1 090	1 253	1 326	1 397
Housing Allowances	1 867	1 615	1 804	1 926	2 532	2 532	2 825	2 989	3 151
Other benefits and allowances	41 537	40 979	43 182	54 196	60 472	60 472	56 647	59 133	61 649
Payments in lieu of leave	–	8 664	9 321	10 000	6 322	6 322	11 500	12 190	12 860
Long service awards	8 411	9 075	9 778	12 411	12 077	12 077	13 315	14 088	14 852
Post-retirement benefit obligations	33 947	21 669	(7 561)	42 894	42 894	42 894	41 061	45 424	48 621
Sub Total - Other Municipal Staff	426 789	466 870	454 814	583 358	587 684	587 684	633 801	671 363	707 802
% increase		9.4%	(2.6%)	28.3%	0.7%	–	7.8%	5.9%	5.4%
Total Parent Municipality	452 671	494 042	483 142	618 619	622 945	622 945	667 652	707 352	745 780
		9.1%	(2.2%)	28.0%	0.7%	–	7.2%	5.9%	5.4%
<u>Board Members of Entities</u>									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Board Fees									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Board Members of Entities	–	–	–	–	–	–	–	–	–
% increase		–	–	–	–	–	–	–	–
<u>Senior Managers of Entities</u>									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Senior Managers of Entities	–	–	–	–	–	–	–	–	–
% increase		–	–	–	–	–	–	–	–
<u>Other Staff of Entities</u>									
Basic Salaries and Wages									
Pension and UIF Contributions									
Medical Aid Contributions									
Overtime									
Performance Bonus									
Motor Vehicle Allowance									
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
Sub Total - Other Staff of Entities	–	–	–	–	–	–	–	–	–
% increase		–	–	–	–	–	–	–	–
Total Municipal Entities	–	–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS	452 671	494 042	483 142	618 619	622 945	622 945	667 652	707 352	745 780
% increase		9.1%	(2.2%)	28.0%	0.7%	–	7.2%	5.9%	5.4%
TOTAL MANAGERS AND STAFF	435 428	475 583	463 301	597 254	601 580	601 580	644 340	682 524	719 462

[illegible]

NC091 Sol Plaatje - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers				Current Year 2015/16			Budget Year 2016/17		
Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	62	62		62	62		66	66	
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	9	8		9	9		6	6	
Other Managers							3	3	
Professionals	164	74	10	164	74	10	164	74	6
<i>Finance</i>	19	13	–	19	13	–	19	17	–
<i>Spatial/town planning</i>	7	2	2	7	2	2	7	2	2
<i>Information Technology</i>	8	4	2	8	4	2	8	8	–
<i>Roads</i>	4	2	2	4	2	2	4	2	2
<i>Electricity</i>	9	8	–	9	8	–	9	6	–
<i>Water</i>	2	2	–	2	2	–	2	2	–
<i>Sanitation</i>	3	2	1	3	2	1	3	2	1
<i>Refuse</i>	–	–	–	–	–	–	–	–	–
<i>Other</i>	112	41	3	112	41	3	112	35	1
Technicians	267	172	18	267	172	18	267	183	17
<i>Finance</i>	8	6	–	8	6	–	8	6	–
<i>Spatial/town planning</i>	16	14	–	16	14	–	16	13	–
<i>Information Technology</i>	5	4	1	5	4	1	5	4	1
<i>Roads</i>	6	4	–	6	4	–	6	4	–
<i>Electricity</i>	163	96	13	163	96	13	163	110	13
<i>Water</i>	10	3	2	10	3	2	10	3	2
<i>Sanitation</i>	29	23	–	29	23	–	29	21	–
<i>Refuse</i>	1	–	1	1	–	1	1	–	1
<i>Other</i>	29	22	1	29	22	1	29	22	–
Clerks (Clerical and administrative)	524	323	74	524	323	74	524	324	74
Service and sales workers	115	75	12	115	75	12	115	79	12
Skilled agricultural and fishery workers	151	126	2	151	126	2	151	128	–
Craft and related trades									
Plant and Machine Operators	148	92	7	148	92	7	148	118	7
Elementary Occupations	1 009	587	157	1 009	587	157	1 009	590	157
TOTAL PERSONNEL NUMBERS	2 449	1 519	280	2 449	1 520	280	2 453	1 571	273
% increase				–	0.1%	–	0.2%	3.4%	(2.5%)
Total municipal employees headcount	2 474	1 522	284	2 474	1 522	284	2 387	1 505	273
Finance personnel headcount	348	227	41	348	227	41	323	213	37
Human Resources personnel headcount	14	12	–	14	12	–	14	12	–

NC091 Sol Plaatje - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source															
Property rates	196 920	26 785	26 624	26 404	26 110	25 238	25 905	25 418	25 418	25 418	27 040	29 429	486 708	518 468	552 991
Property rates - penalties & collection charges													–	–	–
Service charges - electricity revenue	61 730	60 697	61 693	55 846	56 749	55 395	55 395	55 846	55 846	55 846	55 846	69 661	700 551	752 170	806 806
Service charges - water revenue	18 500	18 500	18 968	18 748	19 000	22 000	22 000	22 000	21 000	19 000	19 000	36 388	255 104	270 256	287 454
Service charges - sanitation revenue	6 050	6 082	6 068	6 057	6 069	6 060	6 074	6 066	6 066	6 066	6 066	8 726	75 450	79 912	84 504
Service charges - refuse revenue	4 504	4 490	4 503	4 497	4 500	4 498	4 510	4 500	4 500	4 500	4 500	7 282	56 783	60 137	63 581
Service charges - other													–	–	–
Rental of facilities and equipment	813	868	871	875	900	852	876	1 219	749	1 060	1 060	548	10 690	11 384	12 067
Interest earned - external investments	79	559	1 182	1 187	109	709	535	1 500	1 500	2 000	3 000	6 639	19 000	21 000	23 000
Interest earned - outstanding debtors	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	70 000	76 000	76 000
Dividends received													–	–	–
Fines	580	1 312	667	847	2 318	528	73	2 101	2 101	2 101	2 101	2 151	16 880	17 901	18 827
Licences and permits	290	254	203	198	239	227	518	265	265	265	265	281	3 270	3 435	3 622
Agency services	523	523	523	523	523	640	424	523	523	523	523	509	6 280	6 594	6 957
Transfers recognised - operational	70 500				7 500	52 000			35 500			397	165 897	164 030	177 571
Other revenue	2 745	2 745	2 745	2 500	2 500	3 225	2 200	2 745	2 745	2 745	2 405	3 639	32 939	34 836	36 744
Gains on disposal of PPE													–	–	–
Total Revenue (excluding capital transfers and contri	369 068	128 649	129 879	123 517	132 349	177 205	124 345	128 016	162 046	125 357	127 639	171 483	1 899 552	2 016 124	2 150 125
Expenditure By Type															
Employee related costs	47 543	48 000	48 100	48 070	48 448	58 926	49 739	48 475	48 475	48 000	48 000	102 564	644 340	682 524	719 462
Remuneration of councillors	1 782	1 749	1 744	1 744	1 744	1 744	1 744	2 524	2 524	1 846	1 846	2 324	23 312	24 828	26 317
Debt impairment			190 500										190 500	202 655	218 021
Depreciation & asset impairment			13 913			13 913			13 913			13 913	55 650	60 967	65 480
Finance charges						13 879						13 879	27 757	26 776	25 762
Bulk purchases	159	59 307	55 296	36 665	39 281	38 219	39 990	39 494	39 329	39 009	30 610	89 142	506 500	548 470	593 943
Other materials	7 700	7 700	6 679	7 367	6 149	6 500	7 000	7 500	7 560	7 128	7 500	62 124	140 908	141 786	154 263
Contracted services	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	34 363	36 276	38 153
Transfers and grants	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	61 510	64 524	67 792
Other expenditure	16 000	19 526	18 000	18 462	18 548	14 954	15 445	16 655	16 655	16 655	16 655	18 947	206 503	219 072	231 672
Loss on disposal of PPE													–	–	–
Total Expenditure	81 173	144 271	342 220	120 298	122 159	156 123	121 908	122 637	136 445	120 628	112 600	310 882	1 891 344	2 007 878	2 140 865
Surplus/(Deficit)	287 895	(15 622)	(212 342)	3 219	10 190	21 082	2 437	5 379	25 601	4 729	15 039	(139 399)	8 208	8 246	9 260
Transfers recognised - capital	5 000		55 200					15 532					75 732	98 163	92 226
Contributions recognised - capital													–	–	–
Contributed assets													–	–	–
Surplus/(Deficit) after capital transfers & contributions	292 895	(15 622)	(157 142)	3 219	10 190	21 082	2 437	20 911	25 601	4 729	15 039	(139 399)	83 940	106 409	101 486
Taxation													–	–	–
Attributable to minorities													–	–	–
Share of surplus/ (deficit) of associate													–	–	–
Surplus/(Deficit)	292 895	(15 622)	(157 142)	3 219	10 190	21 082	2 437	20 911	25 601	4 729	15 039	(139 399)	83 940	106 409	101 486

NC091 Sol Plaatje - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Revenue by Vote															
Vote 1 - EXECUTIVE AND COUNCIL												-	-	-	-
Vote 2 - MUNICIPAL AND GENERAL	67 679	10 102	10 805	6 121	57 969	7 338	8 696	14 318	44 903	11 556	8 538	70 181	318 205	346 056	355 168
Vote 3 - MUNICIPAL MANAGER												2 120	2 120	2 236	2 348
Vote 4 - CORPORATE SERVICES	552	552	552	552	552	552	552	552	552	552	552	552	6 628	7 104	7 775
Vote 5 - COMMUNITY SERVICES	6 611	6 700	6 241	6 560	6 200	6 100	6 100	5 560	5 601	5 601	5 551	28 783	95 609	101 100	106 369
Vote 6 - FINANCIAL SERVICES	196 920	26 785	26 624	26 404	26 110	25 238	25 905	25 418	25 418	25 418	27 040	44 557	501 836	534 407	569 641
Vote 7 - STRATEGY ECON DEVELOPMENT AND PL	342	715	710	499	770	563	579	530	530	901	1 060	1 499	8 699	9 250	9 790
Vote 8 - INFRASTRUCTURE AND SERVICES	87 747	83 821	88 160	83 540	81 869	82 667	82 360	81 484	87 684	82 426	87 150	113 277	1 042 186	1 114 134	1 191 261
Total Revenue by Vote	359 852	128 676	133 093	123 677	173 471	122 458	124 193	127 862	164 688	126 454	129 891	260 969	1 975 284	2 114 287	2 242 351
Expenditure by Vote to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL	3 109	2 979	3 498	3 247	3 257	3 358	3 100	3 500	3 540	3 000	3 500	6 531	42 618	45 195	47 703
Vote 2 - MUNICIPAL AND GENERAL	17 185	15 657	42 068	15 600	15 000	19 308	15 000	15 000	15 000	16 369	16 000	148 179	350 365	361 767	385 657
Vote 3 - MUNICIPAL MANAGER	1 500	1 675	1 423	1 200	1 527	1 023	2 200	2 200	2 300	2 100	2 450	1 457	21 056	22 214	23 324
Vote 4 - CORPORATE SERVICES	4 500	4 385	6 802	4 450	4 996	5 233	5 150	5 300	5 300	5 000	5 800	3 282	60 198	63 298	66 963
Vote 5 - COMMUNITY SERVICES	15 000	20 000	20 154	20 100	20 500	21 526	21 600	21 400	22 000	21 000	20 000	17 705	240 984	254 663	268 360
Vote 6 - FINANCIAL SERVICES	10 022	9 243	9 726	9 600	9 700	9 184	9 200	9 200	9 240	9 000	9 300	17 840	121 255	127 900	134 210
Vote 7 - STRATEGY ECON DEVELOPMENT AND PL	4 100	3 165	3 974	4 000	4 100	4 900	4 100	5 300	4 400	5 000	5 000	4 496	52 534	55 711	58 821
Vote 8 - INFRASTRUCTURE AND SERVICES	11 542	87 194	202 589	62 261	104 202	36 846	61 407	45 051	77 306	60 256	52 802	200 878	1 002 333	1 077 130	1 155 827
Total Expenditure by Vote	66 957	144 298	290 234	120 458	163 281	101 377	121 756	106 951	139 086	121 725	114 852	400 368	1 891 344	2 007 878	2 140 865
Surplus/(Deficit) before assoc.	292 895	(15 622)	(157 142)	3 219	10 190	21 082	2 437	20 911	25 601	4 729	15 039	(139 399)	83 940	106 409	101 486
Taxation												-	-	-	-
Surplus/(Deficit)	292 895	(15 622)	(157 142)	3 219	10 190	21 082	2 437	20 911	25 601	4 729	15 039	(139 399)	83 940	106 409	101 486

NC091 Sol Plaatje - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard															
Governance and administration	265 852	35 592	39 054	31 774	83 493	30 828	32 771	35 390	73 124	35 311	38 078	127 794	829 060	890 090	935 234
Executive and council	68 785	8 772	11 963	5 344	56 698	5 322	6 841	9 736	47 471	9 657	10 802	78 934	320 325	348 292	357 516
Budget and treasury office	196 920	26 785	26 624	26 404	26 110	25 238	25 905	25 418	25 418	25 418	27 040	44 557	501 836	534 407	569 641
Corporate services	147	35	467	26	685	267	25	236	236	236	236	4 303	6 898	7 390	8 077
Community and public safety	1 561	1 660	1 483	5 303	1 953	2 165	1 815	3 010	3 051	4 051	4 551	8 488	39 092	41 389	43 289
Community and social services	773	708	535	4 160	609	610	403	2 000	2 000	2 500	2 500	6 305	23 103	24 395	25 310
Sport and recreation	35	130	133	357	558	792	659	500	500	500	1 000	769	5 933	6 287	6 633
Public safety	4	23	5	1	2	1	8	9	50	50	50	37	240	253	266
Housing	749	799	809	784	783	761	743	500	500	1 000	1 000	1 373	9 801	10 438	11 064
Health	1	1	1	1	1	1	1	1	1	1	1	4	15	16	17
Economic and environmental services	1 136	1 333	1 030	1 152	1 391	1 191	1 270	550	600	1 180	1 350	554	12 936	13 622	14 377
Planning and development	293	333	204	154	391	191	170	50	100	180	350	1 004	3 420	3 631	3 836
Road transport	1 042	1 000	826	998	1 000	1 000	1 100	500	500	1 000	1 000	(450)	9 516	9 992	10 541
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	90 784	89 769	91 231	85 148	86 318	87 953	87 979	88 412	87 412	85 412	85 412	123 357	1 089 187	1 163 853	1 243 799
Electricity	61 730	60 697	61 693	55 846	56 749	55 395	55 395	55 846	55 846	55 846	55 846	69 661	700 551	752 170	806 806
Water	18 500	18 500	18 968	18 748	19 000	22 000	22 000	22 000	21 000	19 000	19 000	36 668	255 384	270 553	287 767
Waste water management	6 050	6 082	6 068	6 057	6 069	6 060	6 074	6 066	6 066	6 066	6 066	9 726	76 450	80 972	85 622
Waste management	4 504	4 490	4 503	4 497	4 500	4 498	4 510	4 500	4 500	4 500	4 500	7 302	56 803	60 158	63 603
Other	319	322	294	298	316	322	359	500	500	500	500	779	5 009	5 333	5 652
Total Revenue - Standard	359 852	128 676	133 092	123 675	173 471	122 459	124 193	127 862	164 687	126 454	129 891	260 971	1 975 284	2 114 287	2 242 351
Expenditure - Standard															
Governance and administration	26 571	36 351	82 756	32 740	75 515	25 080	30 637	26 650	46 072	27 651	26 530	161 074	597 627	622 637	660 245
Executive and council	12 528	21 491	64 477	17 527	60 003	10 345	15 884	11 351	30 773	12 351	11 231	146 077	414 039	429 175	456 685
Budget and treasury office	9 202	9 202	9 202	9 202	9 202	8 202	9 202	9 202	9 202	9 202	9 202	10 202	110 427	116 476	122 215
Corporate services	4 841	5 658	9 076	6 011	6 310	6 533	5 550	6 097	6 097	6 097	6 097	4 794	73 161	76 986	81 346
Community and public safety	15 846	17 066	18 824	17 760	18 390	20 415	18 599	18 428	18 278	18 678	18 778	20 309	221 370	234 679	248 209
Community and social services	5 110	5 575	6 693	5 954	6 098	7 554	6 572	6 572	6 572	6 572	6 572	7 192	77 037	81 658	86 149
Sport and recreation	3 064	3 820	4 459	4 035	4 520	5 090	4 157	4 134	4 134	4 134	4 134	4 997	50 679	53 423	56 361
Public safety	4 486	4 486	4 486	4 486	4 486	4 486	4 486	4 486	4 486	4 486	4 486	4 486	53 832	57 414	61 109
Housing	1 800	1 800	1 800	1 900	1 900	1 900	1 998	1 850	1 700	2 100	2 200	2 248	23 196	24 674	26 153
Health	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	16 627	17 510	18 436
Economic and environmental services	8 224	9 768	9 717	9 986	7 587	8 617	9 460	9 460	9 460	9 460	9 460	11 858	113 056	120 125	127 158
Planning and development	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	3 100	5 350	39 450	41 842	44 169
Road transport	5 124	6 668	6 617	6 886	4 487	5 517	6 360	6 360	6 360	6 360	6 360	6 508	73 606	78 284	82 988
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	15 795	80 433	178 072	59 088	61 033	46 337	62 439	51 724	64 481	64 923	58 812	205 204	948 341	1 018 830	1 092 990
Electricity	4 000	63 611	122 503	34 096	36 851	21 197	37 895	26 837	38 820	38 202	39 000	159 230	622 243	669 267	719 054
Water	5 000	9 907	46 862	15 235	16 477	15 300	16 088	14 816	15 591	16 651	9 000	28 267	209 194	224 354	241 081
Waste water management	4 131	3 858	5 014	5 662	4 464	5 300	4 564	4 770	4 770	4 770	5 512	10 685	63 501	68 551	73 052
Waste management	2 663	3 058	3 692	4 096	3 241	4 539	3 892	5 300	5 300	5 300	5 300	7 022	53 403	56 658	59 803
Other	522	680	866	881	755	929	621	689	795	1 013	1 272	1 925	10 949	11 606	12 264
Total Expenditure - Standard	66 958	144 298	290 234	120 456	163 281	101 378	121 756	106 950	139 086	121 724	114 852	400 370	1 891 344	2 007 878	2 140 865
Surplus/(Deficit) before assoc.	292 895	(15 622)	(157 142)	3 219	10 190	21 082	2 437	20 911	25 601	4 729	15 039	(139 399)	83 940	106 409	101 486
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	292 895	(15 622)	(157 142)	3 219	10 190	21 082	2 437	20 911	25 601	4 729	15 039	(139 399)	83 940	106 409	101 486

NC091 Sol Plaatje - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand															
Multi-year expenditure to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL												-	-	-	-
Vote 2 - MUNICIPAL AND GENERAL												-	-	-	-
Vote 3 - MUNICIPAL MANAGER												-	-	-	-
Vote 4 - CORPORATE SERVICES												-	-	-	-
Vote 5 - COMMUNITY SERVICES	500	250	250	500	350	420	450	600	650	450	2 000	2 274	8 694	966	-
Vote 6 - FINANCIAL SERVICES												-	-	-	-
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING				400	450	500	550	600	650	700	1 450	2 600	7 900	23 458	40 420
Vote 8 - INFRASTRUCTURE AND SERVICES	5 000	5 350	5 400	4 700	5 250	5 480	5 900	7 800	9 000	9 850	8 500	17 348	89 578	103 885	68 345
Capital multi-year expenditure sub-total	5 500	5 600	5 650	5 600	6 050	6 400	6 900	9 000	10 300	11 000	11 950	22 222	106 172	128 309	108 765
Single-year expenditure to be appropriated															
Vote 1 - EXECUTIVE AND COUNCIL												3 000	3 000	3 000	3 000
Vote 2 - MUNICIPAL AND GENERAL												-	-	-	-
Vote 3 - MUNICIPAL MANAGER												-	-	-	-
Vote 4 - CORPORATE SERVICES												-	-	-	-
Vote 5 - COMMUNITY SERVICES												-	-	-	-
Vote 6 - FINANCIAL SERVICES		50	50	50	100	250	250	250	400	750	1 500	1 350	5 000	2 000	2 000
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING												-	-	-	-
Vote 8 - INFRASTRUCTURE AND SERVICES				50	100	150	200	250	300	500	1 200	1 250	4 000	4 000	4 000
Capital single-year expenditure sub-total	-	50	50	100	200	400	450	500	700	1 250	2 700	5 600	12 000	9 000	9 000
Total Capital Expenditure	5 500	5 650	5 700	5 700	6 250	6 800	7 350	9 500	11 000	12 250	14 650	27 822	118 172	137 309	117 765

NC091 Sol Plaatje - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard															
<i>Governance and administration</i>	-	-	-	-	100	100	150	200	200	250	250	6 750	8 000	5 000	5 000
Executive and council												3 000	3 000	3 000	3 000
Budget and treasury office					100	100	150	200	200	250	250	3 750	5 000	2 000	2 000
Corporate services												-	-	-	-
<i>Community and public safety</i>	450	500	580	650	750	800	820	845	890	900	1 250	259	8 694	966	-
Community and social services	450	500	580	650	750	800	820	845	890	900	1 250	259	8 694	966	-
Sport and recreation												-	-	-	-
Public safety												-	-	-	-
Housing												-	-	-	-
Health												-	-	-	-
<i>Economic and environmental services</i>	-	-	-	-	-	-	-	-	-	-	-	11 619	11 619	28 496	19 100
Planning and development												-	-	2 000	2 000
Road transport												11 619	11 619	26 496	17 100
Environmental protection												-	-	-	-
<i>Trading services</i>	1 020	1 220	1 495	1 660	1 800	1 960	3 030	4 775	8 700	15 480	20 100	16 719	77 959	77 389	51 245
Electricity	120	170	275	320	380	420	590	875	1 800	3 500	3 750	700	12 900	10 489	4 854
Water	500	650	720	790	850	920	1 500	2 700	5 400	9 780	13 850	4 070	41 730	49 824	46 391
Waste water management	400	400	450	500	520	570	820	1 200	1 500	2 200	2 500	(5 260)	5 800	11 821	-
Waste management			50	50	50	50	120					17 210	17 530	5 255	-
<i>Other</i>	450	450	480	520	550	585	680	750	1 000	1 500	2 200	2 735	11 900	25 458	42 420
Total Capital Expenditure - Standard	1 920	2 170	2 555	2 830	3 200	3 445	4 680	6 570	10 790	18 130	23 800	38 082	118 172	137 309	117 765
Funded by:															
National Government	5 000	5 000	5 000	5 000	5 500	6 000	6 500	7 000	7 500	8 750	9 800	4 682	75 732	98 163	92 226
Provincial Government												-	-	-	-
District Municipality												-	-	-	-
Other transfers and grants												-	-	-	-
Transfers recognised - capital	5 000	5 000	5 000	5 000	5 500	6 000	6 500	7 000	7 500	8 750	9 800	4 682	75 732	98 163	92 226
Public contributions & donations												-	-	-	-
Borrowing												-	-	-	-
Internally generated funds	500	650	700	700	750	800	850	2 500	3 500	3 500	4 850	23 140	42 440	39 146	25 539
Total Capital Funding	5 500	5 650	5 700	5 700	6 250	6 800	7 350	9 500	11 000	12 250	14 650	27 822	118 172	137 309	117 765

NC091 Sol Plaatje - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source													1		
Property rates	22 500	50 100	48 309	44 200	45 603	57 505	50 100	22 500	22 500	22 500	22 500	39 455	447 772	466 622	503 222
Property rates - penalties & collection charges												-			
Service charges - electricity revenue	54 200	55 602	51 958	51 958	50 500	48 506	51 958	49 500	48 200	48 700	53 200	65 515	629 795	680 714	742 261
Service charges - water revenue	19 388	19 150	19 150	17 150	18 361	19 200	19 200	19 200	19 200	19 150	18 920	15 530	223 599	243 230	261 583
Service charges - sanitation revenue	5 150	5 150	5 500	5 500	5 500	5 000	6 200	5 595	5 595	5 595	5 800	5 811	66 396	71 442	76 899
Service charges - refuse revenue	3 900	4 000	4 000	4 211	4 100	4 500	4 500	4 211	4 211	4 211	4 211	3 925	49 980	54 002	58 423
Service charges - other												-			
Rental of facilities and equipment	850	850	850	850	850	850	902	902	902	902	902	1 080	10 690	11 384	12 067
Interest earned - external investments	1 100	1 100	1 182	1 187	1 182	1 182	1 200	1 583	1 583	1 583	1 583	4 535	19 000	21 000	23 000
Interest earned - outstanding debtors	1 433	1 433	1 433	1 433	1 350	1 312	1 433	1 433	1 433	1 433	1 433	1 941	17 500	19 000	19 000
Dividends received												-		-	-
Fines	650	650	703	703	780	800	680	625	701	702	705	741	8 440	8 950	9 414
Licences and permits	273	273	273	273	273	305	280	250	273	273	273	251	3 270	3 435	3 622
Agency services	523	523	523	523	523	640	424	523	523	523	523	509	6 280	6 594	6 957
Transfer receipts - operational	70 500				7 500	52 000			35 500			397	165 897	164 030	177 571
Other revenue	2 745	2 745	2 745	2 500	2 500	3 225	2 200	2 745	2 745	2 745	2 405	3 639	32 939	34 836	36 744
Cash Receipts by Source	183 212	141 576	136 625	130 488	139 022	195 025	139 077	109 067	143 366	108 317	112 455	143 327	1 681 557	1 785 239	1 930 763
Other Cash Flows by Source															
Transfer receipts - capital	5 000		55 200									0	75 732	98 163	92 226
Contributions recognised - capital & Contributed assets												-			
Proceeds on disposal of PPE												-			
Short term loans												-			
Borrowing long term/refinancing												-			
Increase (decrease) in consumer deposits												-			
Decrease (Increase) in non-current debtors												-			
Decrease (increase) other non-current receivables												-			
Decrease (increase) in non-current investments												-			
Total Cash Receipts by Source	188 212	141 576	191 825	130 488	139 022	195 025	139 077	124 599	143 366	108 317	112 455	143 328	1 757 289	1 883 402	2 022 989
Cash Payments by Type															
Employee related costs	47 543	48 000	48 100	48 070	48 448	58 926	49 739	48 475	48 475	48 000	48 000	102 564	644 340	682 524	719 462
Remuneration of councillors	1 782	1 749	1 744	1 744	1 744	1 744	1 744	2 524	2 524	1 846	1 846	2 324	23 312	24 828	26 317
Finance charges						13 879						13 879	27 757	26 776	25 762
Bulk purchases - Electricity	45 125	48 880	31 100	31 142	31 145	33 560	34 456	33 440	31 112	32 780	35 129	46 131	434 000	468 720	506 218
Bulk purchases - Water & Sewer		7 581	8 200	8 750	9 950	10 799	10 900	8 200	8 120			-	72 500	79 750	87 725
Other materials	7 700	7 700	6 679	7 367	6 149	6 500	7 000	7 500	7 560	7 128	7 500	62 124	140 908	141 786	154 263
Contracted services	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	34 363	36 276	38 153
Transfers and grants - other municipalities												-			
Transfers and grants - other	1 500	1 510		2 000			1 500					-	6 510	6 224	6 286
Other expenditure	16 000	19 526	18 000	18 462	18 548	14 954	15 445	16 655	16 655	16 655	16 655	18 946	206 503	219 072	231 672
Cash Payments by Type	122 513	137 809	116 687	120 399	118 848	143 225	123 648	119 657	117 309	109 272	111 993	248 832	1 590 193	1 685 956	1 795 858
Other Cash Flows/Payments by Type															
Capital assets	5 500	5 650	5 700	5 700	6 250	6 800	7 350	9 500	11 000	12 250	14 650	27 822	118 172	137 309	117 765
Repayment of borrowing						4 123						4 123	8 246	9 260	9 404
Other Cash Flows/Payments												-			
Total Cash Payments by Type	128 013	143 459	122 387	126 099	125 098	154 148	130 998	129 157	128 309	121 522	126 643	280 777	1 716 612	1 832 524	1 923 027
NET INCREASE/(DECREASE) IN CASH HELD	60 199	(1 883)	69 439	4 389	13 924	40 877	8 079	(4 558)	15 057	(13 205)	(14 188)	(137 450)	40 678	50 878	99 962
Cash/cash equivalents at the month/year begin:	223 360	283 558	281 675	351 114	355 503	369 427	410 304	418 382	413 824	428 881	415 675	401 487	223 360	264 037	314 915
Cash/cash equivalents at the month/year end:	283 558	281 675	351 114	355 503	369 427	410 304	418 382	413 824	428 881	415 675	401 487	264 037	264 037	314 915	414 877

NC091 Sol Plaatje - NOT REQUIRED - municipality does not have entities

[illegible]

NC091 Sol Plaatje - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
DBSA Loan @ 12%	Mths	360	Loan	31-03-2017	943
DBSA Loan @ 10.91%	Mths	360	Loan	31-12-2019	1 974
DBSA Loan @ 12.61%	Mths	240	Loan	31-12-2028	2 505
DBSA Loan @ 6.75%	Mths	288	Loan	31-12-2023	513
DBSA Loan @ 12.445%	Mths	240	Loan	31-06-2031	31 261

NC091 Sol Plaatje - Supporting Table SA33 Contracts having future budgetary implications

Description	Preceding Years	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
	Total	Original Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand					
Parent Municipality:					
<u>Revenue Obligation By Contract</u>					
<i>No contracts greater than R5 Million</i>			No contracts greater than R5 Million		
Total Operating Revenue Implication	-	-	-	-	-
<u>Expenditure Obligation By Contract</u>					
<i>No contracts greater than R5 Million</i>			No contracts greater than R5 Million		
Total Operating Expenditure Implication	-	-	-	-	-
<u>Capital Expenditure Obligation By Contract</u>					
<i>No contracts greater than R5 Million</i>			No contracts greater than R5 Million		
Total Capital Expenditure Implication	-	-	-	-	-
Total Parent Expenditure Implication	-	-	-	-	-

NC091 Sol Plaatje - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	72 409	61 920	69 485	20 460	61 032	61 032	51 848	74 705	43 391
Infrastructure - Road transport	–	9 687	41 585	–	–	–	11 619	16 060	–
<i>Roads, Pavements & Bridges</i>		9 687	41 585				11 619	16 060	
<i>Storm water</i>									
Infrastructure - Electricity	28 231	15 553	8 824	9 000	17 500	17 500	–	–	–
<i>Generation</i>									
<i>Transmission & Reticulation</i>	27 012	15 553	8 824	9 000	17 500	17 500			
<i>Street Lighting</i>	1 219								
Infrastructure - Water	44 178	19 186	7 943	10 460	36 274	36 274	39 230	46 824	43 391
<i>Dams & Reservoirs</i>	44 178	19 186	7 943	10 460	36 274	36 274	39 230	46 824	43 391
<i>Water purification</i>									
<i>Reticulation</i>									
Infrastructure - Sanitation	–	15 374	9 189	1 000	7 258	7 258	1 000	11 821	–
<i>Reticulation</i>		15 374	9 189	1 000	7 258	7 258	1 000	11 821	
<i>Sewerage purification</i>									
Infrastructure - Other	–	2 120	1 943	–	–	–	–	–	–
<i>Waste Management</i>		2 120	1 943						
<i>Transportation</i>									
<i>Other</i>									
Community	35 349	1 952	3 313	2 211	2 211	2 211	8 694	966	–
Parks & gardens									
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency							8 694	966	
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other	35 349	1 952	3 313	2 211	2 211	2 211			
Heritage assets	–	–	–	–	–	–	–	–	–
Buildings									
Other									
Investment properties	–	–	–	–	–	–	–	–	–
Housing development									
Other									
Other assets	15 398	24 929	26 955	13 600	14 681	14 681	19 900	32 458	49 420
General vehicles		7 620	9 341				4 000	4 000	4 000
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment			135						
Computers - hardware/equipment				4 500	4 500	4 500	5 000	2 000	2 000
Furniture and other office equipment		285	1 771						
Abattoirs									
Markets			2 588						
Civic Land and Buildings									
Other Buildings									
Other Land		5 024	11 624						
Surplus Assets - (Investment or Inventory)									
Other	15 398	12 000	1 496	9 100	10 181	10 181	10 900	26 458	43 420
Intangibles	–	208	3 535	–	–	–	–	–	–
Computers - software & programming									
Intangibles		208	3 535						
Total Capital Expenditure on new assets	123 156	89 009	103 287	36 271	77 924	77 924	80 442	108 129	92 811

NC091 Sol Plaatje - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	54 209	149 399	92 653	55 553	87 902	87 902	37 730	29 180	24 954
Infrastructure - Road transport	–	41 852	44 684	–	10 000	10 000	–	10 436	17 100
Roads, Pavements & Bridges		41 852	44 684		10 000	10 000		10 436	17 100
Storm water									
Infrastructure - Electricity	15 000	49 519	7 289	6 500	6 500	6 500	12 900	10 489	4 854
Generation							12 900	10 489	4 854
Transmission & Reticulation	15 000	49 519	7 289	6 500	6 500	6 500			
Street Lighting									
Infrastructure - Water	6 000	1 008	5 996	5 000	13 300	13 300	2 500	3 000	3 000
Dams & Reservoirs	6 000	1 008	5 996	5 000	13 300	13 300			
Water purification							2 500	3 000	3 000
Reticulation									
Infrastructure - Sanitation	33 209	57 020	34 684	44 053	58 102	58 102	4 800	–	–
Reticulation	33 209	57 020	34 684	44 053	58 102	58 102			
Sewerage purification							4 800		
Infrastructure - Other	–	–	–	–	–	–	17 530	5 255	–
Waste Management							17 530	5 255	
Transportation									
Gas									
Other									
Community	–	–	–	12 885	11 871	11 871	–	–	–
Parks & gardens									
Sportsfields & stadia									
Swimming pools					1 264	1 264			
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other				12 885	10 607	10 607			
Heritage assets	–	–	–	–	–	–	–	–	–
Buildings									
Other									
Investment properties	–	–	–	–	–	–	–	–	–
Housing development									
Other									
Other assets	1 923	–	1 966	7 000	23 320	23 320	–	–	–
General vehicles				4 000	7 556	7 556			
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment									
Computers - hardware/equipment									
Furniture and other office equipment			1 966						
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other	1 923			3 000	15 764	15 764			
Total Capital Expenditure on renewal of existing assets	56 132	149 399	94 619	75 438	123 093	123 093	37 730	29 180	24 954
Renewal of Existing Assets as % of total capex	31.3%	62.7%	47.8%	67.5%	61.2%	61.2%	31.9%	21.3%	21.2%
Renewal of Existing Assets as % of deprecn"	130.7%	351.3%	205.3%	140.7%	229.7%	229.7%	67.8%	47.9%	38.1%

NC091 Sol Plaatje - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	54 869	52 922	73 348	74 431	92 516	92 516	105 339	105 145	116 517
Infrastructure - Road transport	18 197	13 325	21 709	14 071	14 617	14 617	12 077	12 912	13 741
Roads, Pavements & Bridges	18 197	13 325	21 709	14 071	14 617	14 617	12 077	12 912	13 741
Storm water									
Infrastructure - Electricity	21 672	19 173	21 658	23 861	24 238	24 238	25 300	27 029	28 783
Generation									
Transmission & Reticulation	14 126	13 695	15 849	17 661	18 038	18 038	18 300	19 399	20 466
Street Lighting	7 546	5 478	5 810	6 200	6 200	6 200	7 000	7 630	8 317
Infrastructure - Water	15 000	12 357	22 797	25 157	25 917	25 917	21 105	22 373	23 607
Dams & Reservoirs	15 000	12 357	22 797	25 157					
Water purification					3 490	3 490			
Reticulation					22 427	22 427	21 105	22 373	23 607
Infrastructure - Sanitation	–	7 387	6 247	6 542	11 094	11 094	6 500	6 890	7 269
Reticulation		7 387	6 247	6 542	11 094	11 094	6 500	6 890	7 269
Sewerage purification									
Infrastructure - Other	–	680	937	4 800	16 650	16 650	40 357	35 940	43 117
Waste Management		680	937	4 800	14 650	14 650	16 460	17 408	18 366
Transportation									
Other					2 000	2 000	23 897	18 532	24 752
Community	11 716	7 762	5 790	5 648	7 351	7 351	7 917	8 326	8 774
Parks & gardens	211	1 009	392	861	1 061	1 061	1 450	1 522	1 606
Sportsfields & stadia				440	440	440	584	613	647
Swimming pools					110	110	138	146	154
Community halls	412	1 098	226	36	119	119	96	102	107
Libraries	129	152	12	38	187	187	85	91	96
Recreational facilities	4 125	1 373	1 795	1 416	2 297	2 297	1 298	1 376	1 452
Fire, safety & emergency					1 032	1 032	1 644	1 735	1 822
Security and policing					1 239	1 239			
Buses									
Clinics	293	247	122	70	70	70	599	600	632
Museums & Art Galleries									
Cemeteries					353	353	408	433	457
Social rental housing									
Other	6 546	3 884	3 244	2 788	444	444	1 614	1 709	1 803
Other assets	2 397	1 558	3 376	1 424	36 696	36 696	27 652	28 316	28 972
General vehicles							1 219	1 289	1 357
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment									
Computers - hardware/equipment									
Furniture and other office equipment	1 357	1 129	1 126	226	226	226	1 228	1 300	1 369
Abattoirs									
Markets		308	380						
Civic Land and Buildings									
Other Buildings				110	110	110	4 425	4 692	4 953
Other Land	513	77	1 133	10	210	210			
Surplus Assets - (Investment or Inventory)									
Other	527	44	736	1 078	36 150	36 150	20 781	21 034	21 294
Total Repairs and Maintenance Expenditure	68 982	62 242	82 513	81 503	136 563	136 563	140 908	141 786	154 263
R&M as a % of PPE	6.4%	5.0%	6.0%	5.5%	9.2%	9.2%	8.9%	8.6%	9.0%
R&M as % Operating Expenditure	5.3%	4.4%	5.5%	4.7%	7.8%	7.8%	7.5%	7.1%	7.2%

NC091 Sol Plaatje - Supporting Table SA34d Depreciation by asset class

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
Depreciation by Asset Class/Sub-class									
Infrastructure	21 738	21 102	24 633	24 486	24 486	24 486	29 748	32 590	35 003
Infrastructure - Road transport	8 725	8 714	8 741	8 828	8 828	8 828	10 557	11 565	12 422
Roads, Pavements & Bridges	7 722	7 711	7 801	7 825	7 825	7 825	9 420	10 320	11 084
Storm water	1 003	1 003	941	1 003	1 003	1 003	1 136	1 245	1 337
Infrastructure - Electricity	3 290	3 088	4 830	3 388	3 388	3 388	5 832	6 390	6 863
Generation	2 782	2 580	4 321	2 870	2 870	2 870	5 219	5 717	6 140
Transmission & Reticulation									
Street Lighting	508	508	508	518	518	518	614	673	722
Infrastructure - Water	3 515	3 116	3 422	3 275	3 275	3 275	4 133	4 528	4 863
Dams & Reservoirs									
Water purification	3 515	3 116	3 422	3 275	3 275	3 275	4 133	4 528	4 863
Reticulation									
Infrastructure - Sanitation	3 954	4 143	5 489	6 845	6 845	6 845	6 629	7 263	7 800
Reticulation									
Sewerage purification	3 954	4 143	5 489	6 845	6 845	6 845	6 629	7 263	7 800
Infrastructure - Other	2 254	2 041	2 150	2 150	2 150	2 150	2 597	2 845	3 056
Waste Management									
Transportation									
Gas									
Other	2 254	2 041	2 150	2 150	2 150	2 150	2 597	2 845	3 056
Community	6 581	7 385	7 462	8 900	8 900	8 900	9 011	9 872	10 603
Parks & gardens									
Sportsfields & stadia									
Swimming pools									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Security and policing									
Buses									
Clinics									
Museums & Art Galleries									
Cemeteries									
Social rental housing									
Other	6 581	7 385	7 462	8 900	8 900	8 900	9 011	9 872	10 603
Heritage assets	-	-	-	-	-	-	-	-	-
Buildings									
Other									
Investment properties	-	-	-	-	-	-	-	-	-
Housing development									
Other									
Other assets	12 109	12 088	12 380	17 839	17 839	17 839	14 951	16 380	17 593
General vehicles	6 220	6 210	6 360	9 164	9 164	9 164	7 680	8 414	9 037
Specialised vehicles	-	-	-	-	-	-	-	-	-
Plant & equipment	12	12	13	18	18	18	15	17	18
Computers - hardware/equipment									
Furniture and other office equipment	5 210	5 201	5 327	7 676	7 676	7 676	6 433	7 048	7 569
Abattoirs									
Markets									
Civic Land and Buildings									
Other Buildings	241	241	246	355	355	355	298	326	350
Other Land									
Surplus Assets - (Investment or Inventory)									
Other	425	424	435	627	627	627	525	575	618
Intangibles	2 521	1 947	1 606	2 376	2 376	2 376	1 939	2 124	2 281
Computers - software & programming	2 415	1 717	1 388	2 145	2 145	2 145	1 676	1 837	1 973
Investment Properties	106	231	217	231	231	231	262	288	309
Total Depreciation	42 949	42 522	46 081	53 600	53 600	53 600	55 650	60 967	65 480

NC091 Sol Plaatje - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand			
Capital expenditure			
Vote 1 - EXECUTIVE AND COUNCIL	3 000	3 000	3 000
Vote 2 - MUNICIPAL AND GENERAL	–	–	–
Vote 3 - MUNICIPAL MANAGER	–	–	–
Vote 4 - CORPORATE SERVICES	–	–	–
Vote 5 - COMMUNITY SERVICES	8 694	966	–
Vote 6 - FINANCIAL SERVICES	5 000	2 000	2 000
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	7 900	23 458	40 420
Vote 8 - INFRASTRUCTURE AND SERVICES	93 578	107 885	72 345
Total Capital Expenditure	118 172	137 309	117 765
Net Financial Implications	118 172	137 309	117 765

NC091 Sol Plaatje - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project				Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates		Prior year outcomes	2016/17 Medium Term Revenue & Expenditure Framework			Project information		
R thousand	Program/Project description	Project number	IDP Goal code 2	6	3	3	5	Total Project Estimate	Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
Parent municipality:															
Total expenditure previous year									197 907						
Loose Equipment	Loose Equipment			No	Other	Other	Various			3 000	3 000	3 000	3 000	All	New
Information Technology	Replacement of Hardware			No	Intangibles	Computers - software & programming	Various			4 500	5 000	2 000	2 000	All	New
NDPG	Upgrading of Indian Centre Local Taxi Rank			No	Other	Other	-28.74,2482					3 000		Ward 18	New
NDPG	Neighbourhood Development Partnership Grant (technical assistance)			No	Other	Other	Various				400	600	1 000	All	New
NDPG	Development of intermodal transport at craven taxi rank and stalls			No	Other	Other	-28.74,2462				7 500	7 858	37 420	All	New
NDPG	Development of City Hall precinct			No	Other	Other	-28.74,2482					10 000		All	New
GURP projects	Tommy Morebedi Sport Stadium			No	Other	Recreational facilities	-24.885948,31.77887631			2 325				Ward 32	New
GURP projects	Airconditioning Community Halls			No	Other	Recreational facilities	Various			264				All	Renewal
GURP projects	Riverton Access Road			No	Other	Roads, Pavements & Bridges	-28.74,2465			1 225				Ward 25	New
GURP projects	Platfontein Access Road			No	Other	Roads, Pavements & Bridges	-28.72,2482			2 209				Ward 23	New
GURP projects	Kagisho Dam			No	Infrastructure - Other	Dams & Reservoirs	-28.74,2468			2 000				Ward 32	Renewal
Strategy, Economic Development and Planning	Phomolong Services of Sites Erven			No	Infrastructure - Other	Other	-28.74,2468			2 000		2 000	2 000	Ward 31	New
Strategy, Economic Development and Planning	Feasibility studies: Township Establishment			No	Infrastructure - Other	Other	Various			2 250				All	New
Fire, Security	Homevale Satellite Fire Station			No	Community	Fire, safety & emergency	-29.037251,24.585785			1 000	8 694	966			New
Waste Management	Upgrade Landfill Site			No	Community	Waste Management	-28.738217,24.690780			10 607	17 530	5 255		All	Renewal
Heritage Asset	Upgrade Monuments			Yes	Community	Other	-28.74,2470			10 000				All	New
Community	Upgrade Swimming Pool			No	Community	Swimming pools	-28.77,2466			1 264				Ward 5	Renewal
Community	New Cemetery			No	Other	Cemeteries	-28.74,2478			1 211				All	New
Electricity	Security of plants and infrastructure			Yes	Infrastructure - Electricity	Transmission & Reticulation	Various			7 000	3 000			All	New
Integrated National Electricity Program	General Electrification of houses			Yes	Infrastructure - Electricity	Transmission & Reticulation	Various			2 000	7 400	7 989	2 354	Ward 27	New
Integrated National Electricity Program	Phomolong			Yes	Infrastructure - Electricity	Transmission & Reticulation	-28.580144,31.78802539			3 500				Ward 29	New
Integrated National Electricity Program	Jacksonville services			Yes	Infrastructure - Electricity	Transmission & Reticulation	28.72,2468			7 000				Ward 2	New
Electricity	Replacement of Prepaid Meters			Yes	Infrastructure - Electricity	Reticulation	Various			3 000	2 500	2 500	2 500	All	Renewal
Electricity	Highmast Streetlights			Yes	Infrastructure - Electricity	Generation	Various			1 500				All	New
Infrastructure - Other -Transport	Fleet Replacement Program			Yes	Other Assets	General vehicles	Various			7 556	4 000	4 000	4 000	All	New
Water	Ritchie Bulk Supply			Yes	Infrastructure - Sanitation	Reticulation	-29.037251,24.585785			8 000	15 000	20 000	43 391	Ward19	New
Water	Lerato Park Water			Yes	Infrastructure - Water	Reticulation	-28.676088,24.714344			1 000	1 000	14 824		Ward 28	New
Water	Zone Metering			Yes	Infrastructure - Water	Transmission & Reticulation	Various			10 500				All	New
Water	Homevale WWT Lab Equipment			Yes	Infrastructure - Water	Transmission & Reticulation	Various			500	4 800			All	Renewal
Water	Replacement of Water Meters			Yes	Infrastructure - Water	Transmission & Reticulation	Various			4 000	2 500	3 000	3 000	All	Renewal
Water	Riverton High Lift Pumps			Yes	Infrastructure - Water	Water purification	-28.65,2470			14 277	13 230	-	-	All	New
Water	Riverton Pump Station			No	Infrastructure - Water	Water purification	Various			3 000	10 000	12 000		All	New
Water	Kimberley Bulk Water Line			No	Infrastructure - Water	Water purification	-28.72,2466			8 300				All	New
Sanitation	Homevale WWT 15 ML Upgrade			Yes	Infrastructure - Sanitation	Sewerage purification	-28.72,2466			57 102				All	Renewal
Sanitation	Carters Glen Sewer Pump Station			Yes	Infrastructure - Sanitation	Reticulation	Various			1 000				All	Renewal
Sanitation	Ablution Facilities for different Wards			Yes	Infrastructure - Other	Housing development	Various			3 043				All	New
Sanitation	Stadium Ablution			Yes	Infrastructure - Sanitation	Sportsfields & stadia	-28.74,2471			500				Ward 14	Renewal
Sanitation	Services Diamond Park 892 erven & 258 Infills			Yes	Infrastructure - Other	Housing development	-28.72,2455			3 215				Ward 16	New
Sanitation	Upgrade of Lerato Park Sewer Line			Yes	Infrastructure - Sanitation	Housing development	-28.676088,24.714344			1 000	1 000	11 821		Ward 28	New
Roads and Stormwater	Resealing of Roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	Various			10 000		10 436	17 100	All	Renewal
Roads and Stormwater	Roads and Stormwater Projek 1			Yes	Infrastructure - Road transport	Storm water	Various				7 112	8 354		All	New
Roads and Stormwater	Roads and Stormwater Projek 2			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	Various				4 506	7 706		All	New
Roads and Stormwater	Lindane Roads			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges	-2875.2474			170				Ward 32	New
									197 907	201 018	118 172	137 309	117 765		

NC091 Sol Plaatje - Supporting Table SA37 Projects delayed from previous financial year/s

[illegible]

NC091 Sol Plaatje Supporting Table SA10 Funding measurement

Description	MFMA section	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	323 965	305 199	275 457	224 384	236 779	236 779	264 037	314 915	414 877
Cash + investments at the yr end less applications - R'000	18(1)b	439 801	442 188	558 190	463 918	422 514	422 514	656 457	700 769	778 471
Cash year end/monthly employee/supplier payments	18(1)b	3.7	3.2	2.8	1.9	2.0	2.0	2.0	2.3	2.8
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	260 569	263 163	230 522	75 154	161 018	161 018	83 940	106 409	101 486
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	(2.9%)	0.8%	6.2%	(5.1%)	(6.0%)	2.1%	0.8%	0.8%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	97.4%	70.6%	81.4%	86.1%	79.3%	79.3%	86.3%	86.4%	87.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	9.5%	10.5%	11.1%	11.2%	11.1%	11.1%	12.1%	12.1%	12.1%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	82.3%	66.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a							100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	39.5%	12.8%	(11.7%)	0.0%	0.0%	23.4%	0.5%	(3.6%)
Long term receivables % change - incr(decr)	18(1)a	N.A.	(79.7%)	153.1%	(100.0%)	0.0%	0.0%	0.0%	(1.0%)	(1.0%)
R&M % of Property Plant & Equipment	20(1)(vi)	6.4%	5.0%	6.0%	5.5%	9.2%	9.2%	8.9%	8.6%	9.0%
Asset renewal % of capital budget	20(1)(vi)	31.3%	62.7%	47.8%	67.5%	61.2%	61.2%	31.9%	21.3%	21.2%

TARIFFS



That, in terms of Section 24(2) of the Local Government : Municipal Finance Management Act, 2003 (Act No. 56), the following levies, fees and tariffs for Sol Plaatje Municipality be levied, and a General Rate be recovered on the values appearing in the 2015 General Valuation Roll

**TARIFFS SUBJECT TO VALUE ADDED TAX INCLUDES 14% VAT.
ANY FUTURE CHANGES IN VAT WILL BE IMPLEMENTED ACCORDINGLY.**

1.1 LEVY OF RATES (FINANCE/VALUATIONS)

	PRESENT TARIFFS R	PROPOSED TARIFFS 2016-07-01 R	PROPOSED TARIFFS 2017-07-01 R	PROPOSED TARIFFS 2018-07-01 R
Residential Property	0.009315	0.009688	0.010402	0.011157
Vacant Residential Property	NEW	0.014531	0.015602	0.016735
Industrial Property	0.032602	0.031000	0.033285	0.035702
Vacant Industrial	NEW	0.033907	0.036406	0.039049
Business and Commercial Property	0.027479	0.028578	0.030685	0.032912
Vacant Business and Commercial Property	NEW	0.033907	0.036406	0.039049
Agricultural Property	Combined	0.002422	0.002600	0.002789
Mining Property	0.195612	0.213127	0.228835	0.245448
Public Service Property	0.068930	0.029063	0.031205	0.033470
Property Used by Organ of State	0.068930	0.067813	0.072811	0.078097
Public Service Infrastructure	0.000000	0.000000	0.000000	0.000000
Public Benefit Activity Property	0.000000	0.000000	0.000000	0.000000
Place of Worship	0.000000	0.000000	0.000000	0.000000
Land Reform Beneficiary	0.009315	0.000000	0.000000	0.000000
Rural Estates	0.006986	0.007266	0.007801	0.008368
Multi-purpose Properties	0.018630	0.019375	0.020803	0.022313
Municipal	0.000000	0.000000	0.000000	0.000000
Independent Schools	0.000000	0.000000	0.000000	0.000000
Guest Houses	0.018630	0.019375	0.020803	0.022313
Creches	0.018630	0.019375	0.020803	0.022313
Average rates tariff	0.017676	0.019134	0.020544	0.022036

- 1 An allowance has been made for the inclusion of rebates for Pensioners meeting certain criteria.
The proposed rebate is 55 % and the income threshold to qualify is R 130 000 in addition to criteria per the Policy
- 2 Public Service Infrastructure is no longer feasible to rate due to the regulated rating ratios.
It is therefore zero (0) rated.
- 3 Previously differentiated categories of Agricultural Property have now been combined. However, a rebate of 50 % is offered to bona fide agricultural property as defined by the MPRA
- 4 This financial year sees the implementation of the General Valuation Roll 2015.
- 5 There have been additions to the rating categories which have been brought about by recent amendments of the Local Government: Municipal Property Rates Act 6 of 2004.
- 6 The categories of property with zero rate tariffs are those that are impermissible to rate in terms of the MPRA, note feasible to rate, or for public benefit purposes not desirable to rate.



1.2 **MUNICIPAL SWIMMING POOLS & SPORTS FIELDS (COMMUNITY & SOCIAL DEVELOPMENT SERVICES)**

1.2.1 **Karen Muir Swimming Pool**

PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
R	R	R	R
10.00	10.00	10.60	11.24
Admission fees - Children	12.00	12.72	13.48
Admission fees - Adults	1 400.00	1 590.00	1 685.40
Hire of bath	1 500.00	1 696.00	1 797.76
Hire of bath for functions	1 600.00	1 811.30	1 917.98
Season tickets - Children	105.00	111.30	117.98
Season tickets - Adults	175.00	185.50	196.63
Loss deposit	950.00	1 166.00	1 235.96

1.2.2 **Florianville Swimming Pool**

8.00	8.00	8.48	8.99
Admission fees - Children	12.00	12.72	13.48
Admission fees - Adults	1 400.00	1 484.00	1 573.04
Hire of bath	80.00	84.80	89.89
Season tickets - Children	120.00	127.20	134.83
Season tickets - Adults	750.00	795.00	842.70
Loss deposit			

1.2.3 **Roodepan Swimming Pool**

8.00	8.00	8.48	8.99
Admission fees - Children	12.00	12.72	13.48
Admission fees - Adults	1 400.00	1 484.00	1 573.04
Hire of bath	80.00	84.80	89.89
Season tickets - Children	120.00	127.20	134.83
Season tickets - Adults	750.00	795.00	842.70
Loss deposit			

1.2.4 **Galeshewe Swimming Pool**

8.00	8.00	8.48	8.99
Admission fees - Children	12.00	12.72	13.48
Admission fees - Adults	1 400.00	1 484.00	1 573.04
Hire of bath	1 600.00	1 696.00	1 797.76
Hire of bath with lights	80.00	84.80	89.89
Season tickets - Children	120.00	127.20	134.83
Season tickets - Adults	950.00	1 166.00	1 235.96
Loss deposit			

1.2.5 **De Beers Stadium**

1 200.00	1 250.00	1 325.00	1 404.50
Hire of athletics track	1 200.00	1 325.00	1 404.50
Loss deposit	700.00	795.00	842.70
Apparatus per day	950.00	1 000.00	1 123.60
Loss deposit	170.00	185.50	196.63
Training sessions (Schools/Clubs) per season	650.00	715.50	758.43
Hire of sports field/preparation fee	950.00	1 033.50	1 095.51
Loss deposit	650.00	715.50	758.43
Preparation Fee	650.00	715.50	758.43
VIP Lounge	650.00	715.50	758.43
Lights			
Per metered use	Per metered use	Per metered use	Per metered use
1 800.00	1 950.00	2 067.00	2 191.02
Other than sport	950.00	1 219.00	1 292.14
Loss Deposit	18 100.00	20 352.00	21 573.12
Music festivals/commercial use	27 500.00	30 952.00	32 809.12
Loss deposit			
HIRE OF HALL NO. 4			
Indoor sport	125.00	159.00	168.54
Hire of cafeteria/bar	280.00	302.10	320.23
Loss deposit	900.00	980.50	1 039.33



PRACTICE SESSIONS FOR ATHLETICS

Season ticket for individuals
Individual per session
GROUPS:
1 - 10 per session
11 - 20 per session
21 - 30 per session
31 - 40 per session
41 - 60 per session
61 and more per session

1.2.6

Galeshewe Stadium

Sport per day
Loss deposit
Other than sport
Loss deposit
Music festivals/commercial use
Loss deposit
Lights

1.2.7

Galeshewe Arena

Hire of arena per day
Hire of hall per day
Loss deposit
Music festivals/commercial use
Loss deposit
Lights

1.2.8

West-End Indoor Facility

Competitive sport:-

Prior occupation per day
Main Hall (per day)
Key deposit
Small Hall (per day)
Key Deposit
Training sessions:-
Main Hall (per hour)
Key deposit
Small Hall (per hour)
Key deposit

Other than sport:-

Prior occupation per day
Main Hall
Deposit
Small Hall
Deposit
Commercial use:-
Prior occupation per day
Main Hall (per day)
Key deposit
Small Hall (per day)
Key deposit
Kitchen (per day)
Key deposit

PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01 R	PROPOSED TARIFFS 2017-07-01 R	PROPOSED TARIFFS 2018-07-01 R
155.00	160.00	169.60	179.78
35.00	40.00	42.40	44.94
60.00	65.00	68.90	73.03
83.00	85.00	90.10	95.51
100.00	105.00	111.30	117.98
125.00	130.00	137.80	146.07
150.00	155.00	164.30	174.16
210.00	220.00	233.20	247.19
875.00	8 800.00	9 328.00	9 887.68
1 000.00	1 100.00	1 166.00	1 235.96
3 750.00	3 800.00	4 028.00	4 269.68
1 000.00	1 100.00	1 166.00	1 235.96
14 500.00	15 400.00	16 324.00	17 303.44
26 000.00	26 150.00	27 719.00	29 382.14
Per metered use	Per metered use	Per metered use	Per metered use
320.00	330.00	349.80	370.79
160.00	170.00	180.20	191.01
550.00	560.00	593.60	629.22
New	5 000.00	5 300.00	5 618.00
New	10 000.00	10 600.00	11 236.00
Per metered use	Per metered use	Per metered use	Per metered use
570.00	585.00	620.10	667.31
1 350.00	1 375.00	1 457.50	1 544.95
1 350.00	1 375.00	1 457.50	1 544.95
830.00	850.00	901.00	955.06
830.00	850.00	901.00	955.06
130.00	140.00	148.40	157.30
180.00	190.00	201.40	213.48
95.00	100.00	106.00	112.36
175.00	180.00	190.80	202.25
660.00	670.00	710.20	752.81
1 650.00	1 700.00	1 802.00	1 910.12
1 650.00	1 700.00	1 802.00	1 910.12
920.00	950.00	1 007.00	1 067.42
920.00	950.00	1 007.00	1 067.42
660.00	700.00	742.00	786.52
3 750.00	3 800.00	4 028.00	4 269.68
11 200.00	11 300.00	11 978.00	12 696.68
1 500.00	1 650.00	1 749.00	1 853.94
1 500.00	1 650.00	1 749.00	1 853.94
475.00	480.00	508.80	539.33
535.00	550.00	583.00	617.98



PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01		PROPOSED TARIFFS 2017-07-01		PROPOSED TARIFFS 2018-07-01	
	R		R		R	
Braai (per day)	475.00		485.00	514.10	544.95	
Key deposit	535.00		550.00	583.00	617.98	
Conference room	475.00		485.00	514.10	544.95	
Key deposit	535.00		545.00	577.70	612.36	
<u>West-End Club</u>						
<u>Commercial use -</u>						
Prior occupation per day	730.00		750.00	795.00	842.70	
Main Hall (per day)	3 600.00		3 650.00	3 869.00	4 101.14	
Key deposit	9 000.00		9 250.00	9 805.00	10 393.30	
<u>Competitive sport -</u>						
Prior occupation per day	630.00		645.00	683.70	724.72	
Main Hall (per day)	850.00		860.00	911.60	966.30	
Key deposit	850.00		860.00	911.60	966.30	
<u>Training sessions -</u>						
Main Hall (per hour)	135.00		145.00	153.70	162.92	
Key deposit	220.00		230.00	243.80	258.43	
Main Hall (other than specified)	1 750.00		1 850.00	1 961.00	2 078.66	
Key deposit	1 750.00		1 850.00	1 961.00	2 078.66	
Kitchen	475.00		485.00	514.10	544.95	
Key deposit	535.00		545.00	577.70	612.36	
Braai area	475.00		485.00	514.10	544.95	
Key deposit	535.00		545.00	577.70	612.36	
Trog Bar	640.00		650.00	689.00	730.34	
Key deposit	640.00		650.00	689.00	730.34	
Soccer Field	475.00		485.00	514.10	544.95	
Key deposit	640.00		650.00	689.00	730.34	
Cricket field	475.00		480.00	508.80	539.33	
Key deposit	640.00		650.00	689.00	730.34	
Air Conditioner	475.00		480.00	508.80	539.33	
Deposit on hiring of facilities (Within 7 days of the request for the reservation)	50% of total amount		50% of total amount	50% of total amount	50% of total amount	

Cancellation

If a reservation is cancelled within 30 days of occupation the refund to the client will be 50% of the deposit amount paid.

If a reservation is cancelled within 10 days of occupation the client will forfeit the total deposit amount paid.

Conditions

1. Right of admission reserved.
2. Facility used at own risk.
3. Total reservation fee to be paid within 10 (ten) days of booking.
4. Payment to be made in relation to booking.
5. Facility may not be used unless payment is received in advance.
6. Use of the facility will not be allowed unless a contract has been completed and signed by the Lessee.
7. No equipment may be removed from the facility.
8. Facility to be left in same condition as it was found on occupation.
9. Lessee will be held responsible for any littering, damages or loss of any equipment of the property and strict action will be taken against such lessee.
10. Losses and breakages of any items brought onto the premises by the lessee will not be compensated by the lessor of this facility.
11. A pre occupation fee payable if the lessee needs to decorate the hall one day or more before the function.
12. Cancellation of bookings - see cancellations.
13. No private liquor allowed on premises. No private bar allowed on premises. Strict adherence to the aforementioned can lead to arrest, prohibition from the facility and forfeiture of total deposit.



PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
R	R	R	R

14. A market related corkage fee may be charged for wine and champagne.
15. The playing of musical instruments, live musical performances and any other form of amplified music is prohibited outdoors. The playing of music will be allowed indoor only until 24:00.
16. Ignorance of any of the above can lead to: Arrest, prohibition from the facility and forfeiture of total deposit.
17. All reservations will be accommodated on the basis of first come first served.

It is proposed that if a request is received from a Welfare Organization to use the above facilities at a reduced tariff, authority be granted to lease the facilities at 50% of the normal tariff plus a relevant deposit which is refundable. It is further proposed that if a request is received from a school to use the above facilities at a reduced tariff, authority be granted to allow a discount of 25% on the normal tariff plus the relevant deposit which is refundable. Furthermore, if a contract is drawn up with a specific Provincial or National body for the hire of any of the abovementioned facilities for sport (seasonal), a fee of R35 000-00 be charged for the season.

Deposit for reservation = 25% of total reservation fee to be paid within 7 days of booking.

Cancellation fee = 25% of total reservation fee.

1.2.10

Open Mine Caravan Park			
Caravans - (per Caravan)	105.00	110.00	123.60
- (per person)	50.00	55.00	61.80
Caravan Club			
Minimum of 20 Caravans - (per Caravan)	80.00	85.00	95.51
- (per person)	50.00	55.00	61.80
Pensioners - (per Caravan)	75.00	80.00	89.89
- (per person)	50.00	55.00	61.80
Tent (per site)	80.00	85.00	95.51
(per person)	55.00	60.00	67.42
Day Visitors:			
Car (per car)	60.00	65.00	73.03
(per person)	65.00	70.00	78.65
Bus (per bus)	305.00	310.00	348.32
(per person)	50.00	55.00	61.80

1.3 **BURIAL PLOT FEES (COMMUNITY & SOCIAL DEVELOPMENT SERVICES)**

1.3.1

West-End and Kenilworth Cemeteries

Re-opening (casket)	760.00	805.00	904.50
Re-opening (adults)	620.00	660.00	741.58
Re-opening (babies)	500.00	530.00	595.51
Burial of ashes	160.00	170.00	191.01
Grave fees (adult)	1 040.00	1 100.00	1 235.96
Grave fees (children under 7)	800.00	850.00	955.06
Special graves (casket)	1 470.00	1 560.00	1 752.82
Wall of Remembrance (per niche)	740.00	780.00	876.41
Two burials per grave	1 570.00	1 670.00	1 876.41
Reserved graves	2 240.00	2 380.00	2 674.17
Monument erection fee - single graves	370.00	400.00	449.44
Monument erection fee - double graves	650.00	690.00	775.28
Sundry payment - Saturday funerals	750.00	800.00	898.88



1.3.2 **Roodepan and Ritchie Cemeteries**

PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
R	R	R	R
650.00	690.00	731.40	775.28
Re-opening (casket)			
500.00	530.00	561.80	595.51
Re-opening (adults)			
430.00	460.00	487.60	516.86
Re-opening (babies)			
160.00	170.00	180.20	191.01
Burial of ashes			
900.00	960.00	1017.60	1078.66
Grave fees (adult)			
580.00	620.00	657.20	696.63
Grave fees (children under 7)			
1 270.00	1350.00	1431.00	1516.86
Special graves (casket)			
Pauper graves			
270.00	300.00	318.00	337.08
Two burials per grave			
1 570.00	1670.00	1770.20	1876.41
Reserved graves			
1 580.00	1700.00	1802.00	1910.12
Monument erection fee - single graves			
370.00	400.00	424.00	449.44
Monument erection fee - double graves			
650.00	690.00	731.40	775.28
Sundry payment - Saturday funerals			
750.00	800.00	848.00	898.88

1.3.3 **Galeshewe, Greenpoint, Motswedimosa and**

PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
R	R	R	R
650.00	690.00	731.40	775.28
Re-opening (casket)			
500.00	530.00	561.80	595.51
Re-opening (adults)			
430.00	460.00	487.60	516.86
Re-opening (babies)			
160.00	170.00	180.20	191.01
Burial of ashes			
750.00	960.00	1017.60	1078.66
Grave fees (adult)			
530.00	620.00	657.20	696.63
Grave fees (children under 7)			
Special graves (casket)			
960.00	1350.00	1431.00	1516.86
Pauper graves			
270.00	300.00	318.00	337.08
Two burials per grave			
1 670.00	1770.20	1876.41	1910.12
Reserved graves			
1700.00	1802.00	1910.12	1910.12
Monument erection fee - single graves			
370.00	400.00	424.00	449.44
Monument erection fee - double graves			
650.00	690.00	731.40	775.28
Sundry payment - Saturday funerals			
750.00	800.00	848.00	898.88

New Cemetery

PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
R	R	R	R
650.00	805.00	853.30	904.50
Re-opening (dome casket/casket)			
500.00	660.00	699.60	741.58
Re-opening (adults)-normal			
430.00	530.00	561.80	595.51
Re-opening (babies)			
160.00	170.00	180.20	191.01
Burial of ashes			
750.00	1100.00	1166.00	1235.96
Grave fees (adult)			
530.00	850.00	901.00	955.06
Grave fees (children under 7)			
Special graves (dome casket/casket)			
960.00	1560.00	1653.60	1752.82
Pauper graves			
270.00	300.00	318.00	337.08
Two burials per grave			
1 670.00	1770.20	1876.41	1910.12
Reserved graves			
1700.00	1802.00	1910.12	1910.12
Monument erection fee - single graves			
370.00	400.00	424.00	449.44
Monument erection fee - double graves			
650.00	690.00	731.40	775.28
Sundry payment - Saturday funerals			
750.00	800.00	848.00	898.88

1.4 **PLEASURE RESORTS AND CARAVAN PARKS (COMMUNITY & SOCIAL DEVELOPMENT SERVICES)**

50% Discount on school groups with a minimum of 30 day visitors (Riverton).
That a 10% levy be charged on the normal tariff on all one-day reservations during weekends and long weekends.
Accommodation cancellation
If a reservation is cancelled within 20 days of occupation the refund to the client will be 85% of the total amount paid.
If a reservation is cancelled within 10 days of occupation the client will forfeit the total deposit amount paid.
No refund will be made to a client who does not arrive or who departs prior to the departure date.



Accommodation deposit

A deposit must be paid within 48 hours of the date of the request for a reservation. Deposit amount is 75% of total amount.

Preference would be given to all clients (reservations) who utilise accommodation for longer periods during high peak season. Deposits for such reservations will be the full amount of the reservation with the provision that payments being received within the month the reservation has been done.

1.4.1

Riverton Pleasure Resort

Chalets/Villas

To be hired at a basic tariff of R120.00 per unit and a rate of R150.00 per bed available in the unit, with the proviso that if a five-bed unit is available and only a four-bed unit is required, the tariff for a four-bed unit is applicable (converted to the nearest multiple of 5).

Rondavels

To be hired at a basic tariff of R70.00 per unit and a rate of R100.00 per bed available in the unit. If group bookings are made where more than 50 beds are required, a 15% discount becomes applicable.

Upgraded Rondavels: To be hired at a basic tariff of R100.00 per unit and a rate of R120.00 per bed available in unit.

Caravan Park

Caravan (per day)

Per person (per day)

Caravan Clubs (minimum of 15 caravans)

(excluding December holidays)

Pensioners (excluding December holidays)

Super Tube per ride

Day visitors

Day visitors (1 May - 31 August)

Cars

Season ticket (minimum 100 tickets)

Boats

Hall (for period of 24 hours)

Key deposits

Chalets and Villas

Rondavels

Hall

Group reservations

For calculation of tariffs, a day will be calculated from 15:00 - 11:00 the following day or part thereof. In the event of these times being exceeded a pro-rata hourly rate of 10% of the tariff will be recovered from the deposit. If the occupier should choose to occupy the living unit before the stipulated time the abovementioned payment of 10% will be payable, subject to availability.

1.4.2

Langleg Pleasure Resort

Chalets

To be hired at a basic tariff of R100.00 per unit and a rate of R100.00 per bed available.

Rondavels

To be hired at a basic tariff of R70.00 per unit and a rate of R35.00 per bed available in unit.


Entire Resort: (Chalets, Rondavels, Hall, Dormitories, Ablutions, Day visitors area)

(Key deposit of R12000-00 as well as payment for 15 (fifteen) security guards from a recognized security company on the day of the festival is compulsory)

PRESENT TARIFFS	PROPOSED TARIFFS	PROPOSED TARIFFS
2016-07-01	2017-07-01	2018-07-01
R	R	R

80.00	100.00	106.00	112.36
25.00	50.00	53.00	56.00
30% discount	30% discount	30% discount	30% discount
40% discount	40% discount	40% discount	40% discount
2.00	5.00	5.50	5.80
20.00	30.00	32.00	34.00
15.00	20.00	21.00	22.00
30.00	30.00	32.00	34.00
50% discount	50% discount	50% discount	50% discount
45.00	60.00	64.00	67.00
400.00	500.00	530.00	560.00
200.00	200.00	212.00	224.00
200.00	200.00	212.00	224.00
200.00	200.00	212.00	225.00
5 000.00	5 000.00	5 300.00	5 618.00

New	30 000.00	31 800.00	33 708.00
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	PRESENT TARIFFS 2016-07-01 R		PROPOSED TARIFFS 2017-07-01 R		PROPOSED TARIFFS 2018-07-01 R	
<u>Key deposits</u>						
Resort		12 000.00		12 720.00		13 483.00
Chalets		200.00		212.00		225.00
Rondavels		100.00		106.00		112.00
<u>Camping sites</u>						
Tent 6 persons(per day)		80.00		85.00		90.00
Per person (per day)		20.00		53.00		56.00
<u>Caravans</u>						
Per caravan (per day)		80.00		106.00		112.00
Per person (per day)		20.00		53.00		56.00
<u>Hall</u>						
24-hour period		650.00		1 060.00		1 124.00
Per person		15.00		31.80		34.00
Key deposit		400.00		424.00		450.00
<u>Day visitors</u>						
Per person		20.00		31.80		34.00
Cars		30.00		31.80		34.00
<u>Group accommodation</u>						
Key deposit per unit		700.00		742.00		787.00
Per person per night (without bedding)		80.00		95.00		101.00
Per person per night (with bedding)		95.00		106.00		112.00
For calculation of tariffs, a day will be calculated from 15:00 - 11:00 the following day or a part thereof. In the event of these times being exceeded a pro-rata hourly rate of 10% of the tariff will be recovered from the deposit. If the occupier should choose to occupy the living unit before the stipulated time the abovementioned payment of 10% will be payable, subject to availability.						
<u>Rekaofela and Transka Pleasure Resorts</u>						
<u>Chalets : Rekaofela</u>						
To be hired at a basic tariff of R150.00 per unit and a rate of R160.00 per bed available. (Amount converted to the nearest multiple of 5).						
Key deposit		200.00		212.00		225.00
<u>Chalets : Transka</u>						
To be hired at a basic tariff of R120.00 per unit and a rate of R105.00 per bed available in the unit.						
Key deposit		200.00		212.00		225.00
<u>Caravan Park :Transka</u>						
Caravan (per day)		80.00		106.00		112.00
Per person (per day)		25.00		53.00		56.00
<u>Group accommodation</u>						
Transka - per person per night (with bedding)		95.00		106.00		112.00
Key deposit(per unit)		800.00		1 060.00		1 124.00
Rekaofela - per person per night		100.00		127.00		134.00
Key deposit (per sleeping unit)		800.00		848.00		899.00



PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01		PROPOSED TARIFFS 2017-07-01		PROPOSED TARIFFS 2018-07-01	
	R	R	R	R	R	R
Hall - (24-hour period) Kopano	800.00	900.00	954.00	1 011.00	1 011.00	
- (48-hour period)	850.00	950.00	1 007.00	1 067.00	1 067.00	
- (72-hour period)	900.00	1 000.00	1 060.00	1 124.00	1 124.00	
- (96-hour period)	950.00	1 050.00	1 113.00	1 180.00	1 180.00	
(More than 96 hours)	1 500.00	1 500.00	1 590.00	1 685.00	1 685.00	
Key deposit	1 000.00	1 000.00	1 060.00	1 124.00	1 124.00	
<u>Training Centre - Mongano Hall</u>						
Per person per night	100.00	120.00	127.00	134.00	134.00	
Key deposit (per unit)	1 000.00	1 000.00	1 060.00	1 124.00	1 124.00	
Hall - (24-hour period)	1 500.00	2 000.00	2 120.00	2 247.00	2 247.00	
- (48-hour period)	1 600.00	2 100.00	2 226.00	2 360.00	2 360.00	
- (72-hour period)	1 700.00	2 200.00	2 332.00	2 472.00	2 472.00	
- (96-hour period)	1 800.00	2 300.00	2 438.00	2 584.00	2 584.00	
(More than 96 hours)	3 000.00	4 000.00	4 240.00	4 494.00	4 494.00	
Key deposit	1 000.00	1 000.00	1 060.00	1 124.00	1 124.00	
Prior occupation	500.00	500.00	530.00	562.00	562.00	
<u>Recreation Hall - Riverside Hall</u>						
Hall - (24-hour period)	4 000.00	5 000.00	5 300.00	5 618.00	5 618.00	
- (48-hour period)	4 200.00	5 200.00	5 512.00	5 843.00	5 843.00	
- (72-hour period)	4 400.00	5 300.00	5 618.00	5 955.00	5 955.00	
- (96-hour period)	4 600.00	5 400.00	5 724.00	6 067.00	6 067.00	
(More than 96 hours)	5 000.00	6 000.00	6 360.00	6 742.00	6 742.00	
Prior occupation (per day)	500.00	500.00	530.00	562.00	562.00	
Key deposit	2 000.00	2 000.00	2 120.00	2 247.00	2 247.00	

Meals and refreshments

That a 10% levy be charged on all catering costs over weekends, long weekends and public holidays.

Catering at Rekaofela Resort is compulsory


No outside Caterers are allowed to do catering at this facility

Daily conference tariff: R600.00 per person per day for a minimum of 20-40 delegates. Less than 20 delegates, R700.00 per person per day

Breakfast

35.00	45.00	48.00	51.00
40.00	50.00	53.00	56.00
50.00	60.00	64.00	68.00
60.00	70.00	74.00	78.00
70.00	80.00	85.00	90.00
80.00	92.00	98.00	104.00
90.00	120.00	127.00	134.00
40.00	60.00	64.00	68.00
50.00	70.00	74.00	78.00
55.00	75.00	80.00	85.00
60.00	80.00	85.00	90.00
65.00	75.00	80.00	85.00
70.00	85.00	90.00	95.00
75.00	90.00	95.00	100.00
80.00	95.00	100.00	106.00
85.00	100.00	106.00	112.00
90.00	105.00	111.00	118.00
95.00	110.00	117.00	124.00
100.00	120.00	127.00	134.00
110.00	125.00	132.00	140.00
130.00	135.00	143.00	152.00
150.00	160.00	170.00	180.00

Lunch / Dinner

PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
	R	R	R
			
Poeding	20.00	25.00	28.00
	25.00	30.00	34.00
	30.00	40.00	44.00
Additional meals			
Finger lunch per person	45.00	45.00	50.00
	55.00	60.00	68.00
	65.00	69.00	73.00
	80.00	90.00	95.00
	85.00	106.00	112.00
Spitbraai per person	180.00	200.00	225.00
	200.00	230.00	259.00
	230.00	260.00	293.00
Weddings per person	170.00	210.00	236.00
	210.00	230.00	259.00
	230.00	270.00	303.00
	270.00	310.00	349.00
Coffee/Tea & Refreshments			
Coffee/Tea (per person)	10.00	15.00	17.00
Coffee/Tea & refreshments (per person)	40.00	45.00	51.00
Coffee/Tea & muffins (per person)	30.00	40.00	44.00
Tableclothes (weddings) each	40.00	50.00	56.00
Crockery and cutlery (per day)	250.00	300.00	337.00
Overhead projector (per day)	60.00	60.00	68.00
Video machine (per day)	55.00	55.00	61.00
Television (per day)	45.00	45.00	51.00
Flip chart	35.00	35.00	39.00
Flip chart paper (per batch)	220.50	250.00	281.00
Cool room (24-hours)	75.00	100.00	112.00
Data Projector (per day)	150.00	200.00	225.00
Printing charges and phone calls			
Paper prints - A4	5.00	8.00	10.00
Paper prints - A3	8.00	13.00	14.00
Fax - A4	15.00	20.00	23.00
Day Visitor Tariff			
Per person (Transka)	20.00	30.00	34.00
Per person Seasonal (Transka) Easter/ December till 10th of January	30.00	50.00	56.00
School children out of season (Transka)	10.00	10.00	12.00
Winter Period (1 May till 31st July	10.00	10.00	12.00
Buses (15 Seater and more) / Cars	25.00	30.00	34.00
Putt-Putt	20.00	20.00	22.00

For calculation of tariffs, a day will be calculated from 15:00 - 11:00 the following day or part thereof. In the of these times being exceeded a pro-rata hourly rate of 10% of the tariff will be recovered from the deposit. If the occupier should choose to occupy the living unit before the stipulated time the abovementioned payment of 10% will be payable, subject to availability.

PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
	R	R	R
Flamingo Court			
1 Bedroom	959.00	1 021.00	1 087.00
2 Bedroom	1 200.00	1 278.00	1 361.00
Bachelor	875.00	932.00	993.00
Carports			
Carport with locking facility (per month)	79.00	84.00	89.00
Carport without locking facility (per month)	37.00	39.00	42.00
Key deposit	90.00	96.00	102.00
Administration fee	114.00	121.00	129.00
Bv-pass houses			
7 Villiers street	1 350.00	1 438.00	1 531.00
9 Villiers street	1 283.00	1 366.00	1 455.00
27a St Augustines road	1 410.00	1 502.00	1 600.00
28 St Augustines road	1 612.00	1 717.00	1 829.00
29 St Augustines road	1 276.00	1 359.00	1 447.00
20 Auction	1 393.00	1 484.00	1 580.00
4 Marriott	1 271.00	1 354.00	1 442.00
21 Diebel	1 716.00	1 828.00	1 947.00
13 Fuller	1 136.00	1 210.00	1 289.00
49 Jacobson	1 942.00	2 068.00	2 202.00
183 Barkly	807.00	859.00	915.00
185 Barkly	959.00	1 021.00	1 087.00
30 Meyer	2 590.00	2 758.00	2 937.00
West end Nursery house	1 410.00	1 502.00	1 600.00
Pioneer cemetery house	372.00	396.00	422.00
104a Waterworks street	1 590.00	1 693.00	1 803.00
Administration fee	114.00	121.00	129.00
Santa centre			
Rental units	50.00	53.00	56.00
Dingaan family units			
Bachelor	220.00	234.00	249.00
1 Bedroom	247.00	263.00	280.00
Selling Scheme			
Administration charges	73.00	78.00	83.00
Insurance	35.00	37.00	39.00
Informal housing			
Occupation fee	91.00	97.00	103.00
MARK (STRATEGY, ECONOMIC DEVELOPMENT & PLANNING SERVICES)			
Huur			
Kantoor (per m2) per maand	24.00	26.00	28.00
Koelkamers per maand			
Buite	2 359.00	2 520.00	2 671.00
Binne	4 705.00	5 026.00	5 328.00
Buite geboue (per m2) per maand	28.00	31.00	33.00
Parkering per maand	48.00	54.00	57.00
Transaksiefot per transaksie	0.50	0.55	1.00
Rypmaakkoste per houer	3.50	3.80	4.00
Tolliës per dag			
Trekvaenities	4.50	4.80	5.00
Pomptrollies	21.00	22.50	24.00
Stoorruimte (per m2) per maand	8.50	9.10	10.00

1.7 **SIDEWALK AND ROAD TARIFFS (SERVICES & INFRASTRUCTURE)**

PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
R	R	R	R
Lowered curbing per meter	214.00	226.00	240.00
Per safety pole on sidewalk	181.00	203.00	215.00
Tar patching work per m2 - area ÷ 30mm thickness installed	266.00	298.00	316.00
Red soil and Gravel:			
Sale of red soil and gravel to institutes, e.g. Schools, Churches, District Council etc			
- Collected at stockpile per 5 m3 (Truck)	224.00	477.00	506.00
- Delivery in Kimberley per 5 m3	586.00	795.00	843.00
Lowered kerbs inspections	64.00	72.00	76.00
Erf peg inspections (per inspection)	122.00	136.00	144.00

1.8 **URBAN PLANNING (STRATEGY, ECONOMIC DEVELOPMENT & PLANNING SERVICES)**

1.8.1 **Building Control Section**

Building Plan Inspection Fees

The fees for the approval of building plans of all buildings (including covered stoep, veranda's, carports and outbuildings) calculated along the external walls on each floor and excluding the areas of external staircases, chimney breasts, architectural features and eaves, are as follows:

The minimum charge for any approval	564.00	598.00	634.00
Minor building work as defined in the definitions of the NBR	564.00	598.00	634.00
Swimming Pool	564.00	598.00	634.00
Re-inspection of defective work (every inspection more than two)	564.00	598.00	634.00
Re-submission of lapsed plans	1 016.00	1 077.00	1 211.00
Alterations to drainage systems	463.00	491.00	520.00
For all new buildings per m2	14.00	15.00	17.00
For all as-built buildings, completed or under construction	68.00	72.00	81.00
For new buildings over 500m2 (per m2)	12.00	13.00	15.00
For all new buildings per m2 exceeding 1000m2	11.00	12.00	14.00
Per Government subsidized house	56.00	59.00	67.00
For additions to any existing building per m2	14.00	15.00	17.00
For additions over 500m2 (per m2)	12.00	13.00	15.00
For additions of buildings per m2 exceeding 1000m2	11.00	12.00	14.00
For business temporary structure/s per square meter	5.00	6.00	8.00
For any government building/s per square meter	56.00	59.00	67.00
For residential temporary structure per square meter	2.30	3.00	5.00

For internal alterations to existing buildings.

Between 0 & 250m2 any existing building	847.00	898.00	952.00
Between 250 & 500m2 any existing building	960.00	1 018.00	1 079.00
Between 500 & 750m2 any existing building	1 637.00	1 735.00	1 839.00
Between 750 & 1000m2 any existing building	2 935.00	3 111.00	3 298.00
Between 1000 & 5000m2 any existing building	5 983.00	6 342.00	6 723.00
Between 5000 & 10000m2 any existing building	9 878.00	10 471.00	11 099.00
Private Contractors - Council supervision			
per house type (over and above inspection fees)	113.00	120.00	135.00
Postage of Plans less than weigh 1Kg	169.00	179.00	201.00
Postage of Plans less than weigh 2Kg	339.00	359.00	404.00
Postage of Plans less than weigh 5Kg	677.00	718.00	807.00
Postage of Plans less than weigh 7Kg	1 355.00	1 436.00	1 613.00
Postage of Plans exceeding weigh 7Kg	2 258.00	2 393.00	2 689.00

1.8.1.2 **Building Control Penalty and Fine schedule for Law-Enforcement (New)**

Completed illegal building per m2	17.00	19.00	20.00
Submission fee for CIB per m2	51.00	57.00	60.00

PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
	R	R	R
Occupancy cert for CIB per m2	1,20	2,00	4,00
Aggressive CIB per m2	17,00	18,00	20,00
Accumulative daily fine CIB	113,00	120,00	135,00
Under construction illegal work per m2	68,00	72,00	81,00
Submission fee for completed illegal work per m2	68,00	72,00	81,00
Occupancy certificate for UCIW per m2	6,00	7,00	9,00
Aggressive UCIW per m2	113,00	120,00	135,00
Accumulative daily fine UCIW	113,00	120,00	135,00
Dumping building rubble exceed 30days per m3	226,00	240,00	269,00
Dumping building rubble exceed 60days per m3	339,00	359,00	404,00
Encroachment to council land (per day)	113,00	120,00	135,00
Failing to display building permit onsite	564,00	598,00	672,00
Aggressive FDBP (per day)	113,00	120,00	135,00
Structure as nuisance in terms of Section 10	113,00	120,00	135,00
Aggressive structure as nuisance	1 129,00	1 197,00	1 345,00
Unauthorised erected public tent 500-1000m2	564,00	598,00	672,00
Unauthorised erected public tent 1000-5000m2	1 129,00	1 197,00	1 345,00
Unauthorised erected public tent 2000-10000m2	2 258,00	2 393,00	2 689,00
Unauthorised erected public tent 10000-above	5 645,00	5 984,00	6 724,00
Unauthorised erected artist stage	1 693,00	1 795,00	2 017,00
Unauthorised demolishing of structure/s	5 645,00	5 984,00	6 724,00
Unauthorised occupying building/s	2 822,00	2 991,00	3 360,00
Services rendered: Application in terms of the Sol Plaatje Land Use By-Laws 2015 read together with SPLUM Act (Act 16 of 2013): Basic fee plus			
Rezoning	2 371,00	2 513,00	2 824,00
Consent use / Conditional uses	869,00	921,00	1 035,00
Phasing of Layout Plan	New	500,00	562,00
All Departures to be approved by Council (except delegated departures)	869,00	921,00	1 035,00
Consolidation	New	500,00	562,00
Subdivision:			
Basic subdivision fee	869,00	921,00	1 035,00
Thereafter:			
3-10 erven an additional R100-00 (per erf)	169,00	100,00	112,00
11-50 erven an additional R50-00 (per erf)	102,00	50,00	56,00
51 and above erven an additional R10-00 (per erf)	23,00	10,00	12,00
Advertising deposit per application (Local Newspapers)	1 693,00	1 795,00	2 017,00
Removal, Suspension or Amendment of Title Deed	869,00	921,00	1 035,00
Advertising: Government Gazette	4 290,00	4 547,00	5 109,00
Advertising: Local Newspaper (two placements)	2 822,00	2 991,00	3 360,00
Amendment of condition of approval/layout plan of previous Council decision without the basic fee	869,00	921,00	1 035,00
Extension of Council approval without basic fee	869,00	921,00	1 035,00
Cancellation Fee	339,00	359,00	404,00
Delegated Departures as per Zoning Scheme:			
Delegated departures (coverage: Even less than 500 500m² not exceeding 60%)	508,00	570,00	604,00
Delegated departures (second dwelling: max 75m²) (excluding electrical contribution fees)	508,00	570,00	604,00
Delegated departures (garages/carports: not exceeding 6m on Street Building Lines except title conditions for garages)	508,00	570,00	604,00
All departures excluding the above for Council approval	1 468,00	1 649,00	1 748,00



Home Businesses: Per application only

(No basic fee)

Home business registration
Home business registration (Galeshewe)

Other:

Information (without copy costs)
Zoning Certificate
CUP Reports/SDF/LUMS/DP/GURP
Building Plan research (without copy costs)
Building statistics - Monthly
- Annually

1.8.1.3 RESIDENTIAL BUSINESS BYLAW 2011

OFFENCE

SECT

Any person who contravenes or fails to comply with this: The owner/operator of every residential business shall be the dwelling unit on the premises in which the business operates.	4.1 (i)				
Any person who contravenes or fails to comply with this: All heavy equipment such as tractors, trailers, semi-trailers, or construction equipment must be garaged screened with plantings or fencing to at least the height of the equipment	4.2				
Any person who contravenes or fails to comply with this: One commercial vehicle which is not heavy equipment and which is not more than two tons in rated capacity may be parked outdoors on the property. Additional commercial vehicle must be garaged or screened as for heavy equipment.	4.3				
Any person who contravenes or fails to comply with this: Any outdoors lighting fixture newly installed or replaced shall be shield so that it does not produce a strong, direct light beyond the property boundaries. Lighting must be compatible with the character of the district.	4.6 (i)				
Any person who contravenes or fails to comply with this: Hours of operation: In no case shall a residential business be open to the public, including non-resident employees, clients, visitors, deliveries, earlier than 07h00 nor later than 21h00 with the exception of Tuck Shops may operate from 06h00-22h00.	4.7				
Any person who contravenes or fails to comply with this: General Nuisances: Any activity that might result in excessive noise, electrical interference, smoke, dust, odours, heat, or glare beyond that which is common to the residential character of the area is prohibited.	4.8				
Any person who contravenes or fails to comply with this: Hazardous Materials: No highly toxic, explosive, Flammable, combustible, corrosive, radioactive or similar hazardous materials shall be used, stored, or manufactured on the premises in amounts exceeding those found in normal residential use.	4.9				
Any person who contravenes or fails to comply with this: Retail sales: There shall be no sales of services or products on the premises which are not produced on the premises, except those sales which are incidental to the business.	4.1				
Any person who contravenes or fails to comply with this: No more two (2) employees who do not live on the premises shall be permitted to work on the premises at any one time for residential business	5.1				
Any person who contravenes or fails to comply with this: A residential business may not use more than of the gross floor area of the buildings for business purposes, as in accordance with the municipality's Land Use Management scheme, from time to time.	5.2				
Any person who contravenes or fails to comply with this: Tuck shop shall serve a minimum of at least 60 household and least be at least 200m from formal business opportunity	6.1				
Any person who contravenes or fails to comply with this: Tuck shop trade is restricted to general household consumables and liquor sales shall not be permitted.	6.2				
Any person who contravenes or fails to comply with this: Tuck Shops shall only be allowed to operate between the hours of 06h00 to 22h00	6.3				
Any person who contravenes or fails to comply with this: Tuck Shops shall be of a separate, permanent structure and must be separated by a wall and/or door from other activities in the residential home, such as sleeping cooking or entertainment areas, if attached to the house	6.4				
Any person who contravenes or fails to comply with this: Tuck shop must adhere to the conditions as prescribed by the Municipality's Environmental Health By-law and must comply with National Building Regulations and Building Standards Act, 1977 (103 of 1977)	6.5				

PRESENT TARIFFS R	PROPOSED TARIFFS 2016-07-01 R	PROPOSED TARIFFS 2017-07-01 R	PROPOSED TARIFFS 2018-07-01 R
621.00	658.00	697.00	739.00
621.00	658.00	697.00	739.00
28.00	30.00	32.00	34.00
90.00	95.00	101.00	107.00
1 016.00	1 077.00	1 142.00	1 211.00
28.00	30.00	32.00	34.00
169.00	179.00	190.00	201.00
1 242.00	1 317.00	1 396.00	1 480.00
2 000.00	2 000.00	2 000.00	2 000.00
1 000.00	1 000.00	1 000.00	1 000.00
1 000.00	1 000.00	1 000.00	1 000.00
500.00	500.00	500.00	500.00
1 000.00	1 000.00	1 000.00	1 000.00
2 000.00	2 000.00	2 000.00	2 000.00
2 000.00	2 000.00	2 000.00	2 000.00
2 000.00	2 000.00	2 000.00	2 000.00
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BED & BREAKFAST –AND GUESTHOUSE ESTABLISHMENT BYLAW 2011

OFFENCE

Any person who contravenes or fails to comply with this: No person may operate a bed and breakfast or a guesthouse facility on any premises unless he/she has comply with all applicable legislation, including:-

- (a) the National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977) where all buildings constructed on the premises must comply with this Act and its by-laws;
- (b) the municipality's applicable Town Planning Scheme with specific reference to parking, floor area ratio, height, coverage and zoning, number of rooms, if prescribed by a Town Planning Scheme applicable to the area where the property is located and with municipality's Outdoor Advertising Signs Bylaws with reference to signage.

(c) the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No 54 of 1972) as amended, and the By-laws governing general hygiene requirements for food premises and the transport of food, and the provisions of the National Health Act, 2003, (Act No 61 of 2003) in general.

(d) the Broadcasting Act, 1999 (Act No 4 of 1999), as amended, if the lettable room is supplied with a television set;

(e) the South African Music Rights Organisation (SAMRO) where a licence is

required if background music is to be played to the guests;

(f) the Northern Cape Liquor Act 4, 2008 (Act No 4 of 2008) read together with the Liquor Act 59, 2003, (Act 59 of 2003) if liquor, including complimentary drinks, are served to guests;

(g) the Tobacco Products Control Amendment Act, 1999 (Act No 12 of 1999), as amended, where it is a requirement that signs are displayed in areas designated for smoking and no-smoking signs are displayed accordingly.

Any person who contravenes or fails to comply with this: The premises must provide: access to bedrooms and bathrooms at all the times for registered guests;

Any person who contravenes or fails to comply with this: an area where breakfast can be served, adequate for the use of, and easily accessible to any guest on the premises

Any person who contravenes or fails to comply with this: A bathroom and toilet for each lettable room suitably placed in a separate compartment which is close to the lettable room and is easily accessible to the guest/s of a lettable room and separate to that of the owner of the facility;

Any person who contravenes or fails to comply with this: No kitchen facility may be provided to guests in the lettable rooms;

Any person who contravenes or fails to comply with this: The operation of the facility may not detract from the residential character and amenities of the property or the immediate surroundings;

Any person who contravenes or fails to comply with this: The facility may not include a place of public assembly or a place of public amusement.

Any person who contravenes or fails to comply with this: At least 20% of residential guest houses' site must be attributed to a garden area for common usage.

Any person who contravenes or fails to comply with this: At least 40% of the commercial guest houses' site must be attributed to a garden area for common usage.

Any person who contravenes or fails to comply with this: Effective, paved parking, together with the necessary maneuvering area shall be providing on the erf to the satisfaction of the municipality, in accordance to the following ratios:

(a) 1 parking space per bedroom or suite; plus

(b) 1 parking space for staff; and

(c) 1 parking space for visitors

Any person who contravenes or fails to comply with this: A person who wants to operate a bed and breakfast or guest house facility must –

(a) be resident on the property;

(b) abide by all relevant health, fire, business, labour, town planning and media laws and by-laws;

(c) ensure that the application for municipality's special consent to operate a bed and breakfast or guest house facility is accompanied by letters of consent from the registered owners of the adjoining properties;

(d) keep all sanitary, ablution and water supply fittings in good working order;

(e) keep the premises and all furniture, fittings, appliances, equipment, containers, curtains, covers, hangings and other soft furnishings, table linen, bed linen and cloths of whatever nature used in connection with the facility in a clean, hygienic and good condition at all times;

(f) supply fresh linen and unused soap for each letting; and

(g) Take adequate measures to eradicate pests on the premises.

2.1 (a)-
(g)

2.2 (a)

2.2 (c)

2.2 (d)

2.3

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5 (a) –
(g)

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CRÈCHES, CHILDCARE CENTRES AND NURSERY SCHOOLS BYLAW 2011**OFFENCE**

No person or body of persons shall establish, erect, maintain or conduct a crèche, child care centre or facility, or a crèche-cum-nursery school unless such person or body is in possession of a license from the municipality authorizing him to do so, specifying the premises to which such license relates and stating the number and ages of children permitted to be kept on such premises.

2.1

Any person who contravenes or fails to comply with this: A license shall not be granted in terms of subsection (1) unless a crèche, child care centre or crèche-cum-nursery school complies with the provisions of these by-laws to the satisfaction of the municipality's officer of health

2.2

Any person who contravenes or fails to comply with this: A person, or in the case of crèche or crèches-cum-nursery school administered by a body of persons, such body, licensed in terms of subsection (1), shall be responsible for the care and supervision of the children specified in such license and shall at all times be

2.3

responsible to the municipality for the satisfactory performance of his obligations in terms of such license. Any person who contravenes or fails to comply with this: A license issued in terms of this section shall not be transferable.

2.4

Any person who contravenes or fails to comply with this: A license issued in the form of a certificate of approval must be displayed at all times on the inside of the main door of the child care facility, crèche or crèche-cum-nursery school.

2.5

Any person who contravenes or fails to comply with this: The following minimum accommodation and facilities shall be provided in respect of crèche, child care centres and crèches-cum-nursery schools admitting for all-day

3.1 (a) -

care children aged 3 years and over but under school-going age.

(e)

(a) An office and staff room combined;

(b) A staff room provided that one room may, subject to the approval of the officer of health, be used as an office and staff room combined;

(c) An isolation room with a minimum floor area of 2m x 3m, fitted with a built-in wash-hand basin with hot and cold running water and equipped with a first-aid cupboard and equipment and bed or stretcher

(d) A playground for play activities, serving of meals and sleeping purposes with a minimum free-playing area of 3m² for every child, not more than one-third of the total indoor play area may consist of a covered veranda or stoep, which shall be protected against wind, rain and other inclement weather conditions.

(e) A kitchen complying with the following requirements

(i) The kitchen including scullery, shall have a minimum floor area of 14m² for a maximum of 30 children accommodated with an additional 0.3 m² per child for 30 to 100 children and a further 0.1 m² per child for every child in excess of

(ii) The kitchen shall be provided with a double compartment sink, wash-hand basin, vegetable washing sink and where the officer of health deems it necessary, an approved pot-washing sink shall be installed on the premises

(iii) In the discretion of the municipality and after due consideration having been given to the manner, amount and nature of cooking undertaken on the premises, there shall be provided, immediately above every cooking stove, oven or similar apparatus, a hood or canopy of adequate size, having a flue at least 300mm in diameter and in addition such mechanical device as the Municipality shall deem necessary in these circumstances, exhausting to the atmosphere at such a position or manner as is necessary to prevent the discharge there from constituting a nuisance or annoyance to the neighbourhood: provided that where the municipality is satisfied that the purposes of this subsection will be effectively achieved thereby, a mechanical device may be provided instead of a hood or canopy as aforesaid.

(iv) The washbasins mentioned in paragraph (5)(b) shall be made of stainless steel or other approved impervious material and shall have an adequate and wholesome supply of hot and cold running water effectively distributed and laid over the sinks and wash-hand basins

(v) Each bowl of the double-compartment sink shall have a minimum depth of 225mm and minimum capacity of 55 litres

(vi) The draining boards of the sinks shall be fitted with 150 mm splash screens and installed 100mm from any wall surface, and every part of a wall surface within 600mm from any part of the sink or draining board so installed, shall be tiled or given some other approved finish having similar properties to a tiled surface, to a height at least 1.5 m from the floor.


(vii) The floor of the kitchen shall be of concrete or other similar impervious material

(viii) Natural light and ventilation shall be provided in accordance with the municipality's building by-laws

(ix) Wall surfaces shall be tiled or smooth-plastered and oil-painted in light-coloured oil

PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
R	R	R	R
2 000.00	2 000.00	2 000.00	2 000.00
2 000.00	2 000.00	2 000.00	2 000.00
2 000.00	2 000.00	2 000.00	2 000.00
1 000.00	1 000.00	1 000.00	1 000.00
500.00	500.00	500.00	500.00
500.00	500.00	500.00	500.00
500.00	500.00	500.00	500.00
500.00	500.00	500.00	500.00
1 000.00	1 000.00	1 000.00	1 000.00
500.00	500.00	500.00	500.00
1 000.00	1 000.00	1 000.00	1 000.00
500.00	500.00	500.00	500.00
200.00	200.00	200.00	200.00
1 000.00	1 000.00	1 000.00	1 000.00
500.00	500.00	500.00	500.00
800.00	800.00	800.00	800.00
1 000.00	1 000.00	1 000.00	1 000.00



PRESENT TARIFFS		PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
R	500.00	R	500.00	R
(x)	Ceilings shall be dust proof			500.00
(xi)	All cupboards, shelves and other equipment for the storage of kitchen utensils and equipment shall be of metal and shall be so fitted or situated as to be easily cleaned and not for favour the harbourage of insects, rodents and other vermin;			
(xii)	All worktables shall be constructed of metal with a stainless steel top;	800.00	800.00	800.00
(xiii)	The stove or other cooking units shall be so installed as to allow easy access between the stove or cooking unit and the adjoining wall surfaces to allow for cleaning;	500.00	500.00	500.00
(xiv)	Facilities for the storage of vegetables shall be provided;	500.00	500.00	500.00
(xv)	There shall be provided suitable refrigeration facilities for the storage of perishable foodstuffs	1 000.00	1 000.00	1 000.00
(xvi)	There shall be provided a sufficient number of metal bins with covers for the temporary storage of refuse pending disposal	1 000.00	1 000.00	1 000.00
Advertising				
	Application fee	270.00	298.00	313.00
	Directional sign board single once off	1 050.00	1 158.00	1 216.00
	Directional sign board double once off	2 050.00	2 269.00	2 382.00
	LED - Digital Billboard displayed on municipal property per month	1 575.00	1 737.00	1 824.00
	Per banner	252.00	278.00	292.00
	Per Illegal Boards	315.00	348.00	365.00
	Per Illegal Boards Additional fee if not removed within 2 (two) weeks	210.00	232.00	244.00
	NGO's, Churches, Schools etc. deposit upfront and if the posters are removed within a week, the deposit is 100% refundable, if it is not removed within a week Council will be liable to clean the city and the deposit is then non-refundable	1 050.00	1 158.00	1 216.00
	Political poster deposit upfront and if the posters are removed within a week, the deposit is 100% refundable, if it is not removed within a week Council will be liable to clean the city and the deposit is then non-refundable	5 250.00	5 789.00	6 078.00
The above advertising tariffs are subject to a 5% discount only when the following criteria are met: Five (5) or more boards must be placed. The application fee must exceed R1 500.00 for any particular advertising.				
Plan Printing Charges				
<u>Paper prints:</u>				
	Size A4	6.00	7.00	9.00
	Size A3	8.00	9.00	11.00
	Size A2	11.00	12.00	14.00
	Size A1	45.00	48.00	51.00
	Size A0	68.00	72.00	81.00
<u>Opaque Film Prints & Transparent Prints</u>				
	Size A4	17.00	18.00	20.00
	Size A3	34.00	36.00	40.00
	Size A2	90.00	95.00	107.00
	Size A1	124.00	131.00	147.00
	Size A0	192.00	204.00	229.00
<u>Plans plotted by REGIS System</u>				
	Size A4	39.00	41.00	46.00
	Size A3	52.00	55.00	61.00
	Size A2	104.00	110.00	124.00
	Size A1	156.00	165.00	186.00
	Size A0	183.00	194.00	218.00


1.8.2


1.8.3

PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
	R	R	R
Paper prints: Color			
Size A4	3.40	4.00	4.00
Size A3	3.40	4.00	4.00
Size A2	9.00	10.00	12.00
Size A1	50.00	53.00	59.00
Size A0	62.00	66.00	74.00
Opaque Film Prints & Transparent Prints Color			
Size A4	21.00	22.00	24.00
Size A3	41.00	43.00	49.00
Size A2	110.00	117.00	131.00
Size A1	150.00	159.00	179.00
Size A0	225.00	239.00	268.00
Plans plotted by REGIS System - Color			
Size A4	52.00	55.00	61.00
Size A3	78.00	83.00	93.00
Size A2	130.00	138.00	155.00
Size A1	209.00	222.00	249.00
Size A0	222.00	235.00	264.00
Other			
Information (without copy cart)	23.00	24.00	27.00
CUP Reports/SDF/LUMS/DP/GURP	113.00	120.00	135.00
Building Plan search fee (without copy cart)	1 129.00	1 197.00	1 345.00
Building Statistics - Monthly	113.00	120.00	135.00
- Annually	1 129.00	1 197.00	1 345.00
Building Occupancy Certificate	113.00	120.00	135.00
Building Occupancy before completion of building work	282.00	295.00	336.00
Hoarding on Municipal property per square meter	113.00	120.00	135.00
Compulsory (removal executed by Municipal) of Building rubble per m3 load	564.00	598.00	672.00
Penalty on illegal building structure/s, per day and to be attached to account	169.00	179.00	201.00
Penalty on illegal encroaching to adjacent erf/erven, per day and to be attached to account	169.00	179.00	201.00
Penalty on illegal usage of property other than as zoned, per day and to be attached to account	169.00	179.00	201.00
Penalty on illegal closing of adjacent neighbour access, per day and to be attached to account	169.00	179.00	201.00
Penalty on illegal closing for storm water flow allowance, per day and to be attached to account	169.00	179.00	201.00
Penalty on deviation from approved building plan/s, per day and to be attached to account	169.00	179.00	201.00
Penalty on illegal encroaching to municipality/land or property, per day and to be attached to account	169.00	179.00	201.00
Unauthorised sewer connection	1 129.00	1 197.00	1 345.00
Unauthorised water connection	1 129.00	1 197.00	1 345.00
Unauthorised electrical connection	1 129.00	1 197.00	1 345.00
Commencing building work or statutory stages controlled without council authorisation	564.00	598.00	672.00
Unauthorised erection of structures for event	16 934.00	17 950.00	20 169.00
PARKS & RECREATION (COMMUNITY & SOCIAL DEVELOPMENT SERVICES)			
TARIFFS FOR RECREATION HALL			
Development Spot			
Training sessions (Monday - Thursday)	40.00	44.52	47.19
07:45 - 16:30 (per hour)	85.00	95.40	101.12
Deposit			

1.9

1.9.1

PRESENT TARIFFS		PROPOSED TARIFFS 2016-07-01		PROPOSED TARIFFS 2017-07-01		PROPOSED TARIFFS 2018-07-01	
		R	R	R	R	R	R
• <u>Monday – Friday</u> 07:00 - 12:00 (per session) 12:00 - 17:00 (per session) 17:00 - 07:00 (per hour)		260.00	275.00	291.50	308.99		
		260.00	275.00	291.50	308.99		
		325.00	345.00	365.70	387.64		
• <u>Saturdays</u> A basic fee is charged for 4 hours or part thereof For every additional hour which the facility is used an additional tariff is payable		515.00	545.00	577.70	612.36		
		265.00	280.00	296.80	314.61		
• <u>Sundays & Public Holidays</u> A basic fee is charged for 4 hours or part thereof For every additional hour which the facility is used an additional tariff is payable		530.00	560.00	593.60	629.22		
		270.00	285.00	302.10	320.23		
• <u>All Dances</u> A basic fee is charged for 4 hours or part thereof For every additional hour which the facility is used an additional tariff is payable		1 800.00	1 910.00	2 024.60	2 146.08		
		540.00	570.00	604.20	640.45		
• Funerals - for 4 hours For every additional hour Preparation fee (per hour)		490.00	520.00	551.20	584.27		
		265.00	280.00	296.80	314.61		
		325.00	345.00	365.70	387.64		
• <u>Deposit</u>		850.00	900.00	954.00	1 011.24		
1.9.2 <u>TARIFFS FOR SOCIAL CENTRE, R C ELLIOTT HALL AND RITCHIE</u>							
• <u>Development Sport</u> Training sessions (Monday - Thursday) 07:45 - 16:30 (per hour) Deposit		40.00	42.00	44.52	47.19		
		85.00	90.00	95.40	101.12		
• <u>Monday – Friday</u> 07:00 - 12:00 (per session) 12:00 - 17:00 (per session) 17:00 - 07:00 (per hour)		260.00	275.00	291.50	308.99		
		260.00	275.00	291.50	308.99		
		325.00	345.00	365.70	387.64		
• <u>Saturdays</u> A basic fee is charged for 4 hours or part thereof For every additional hour which the facility is used an additional tariff is payable		515.00	545.00	577.70	612.36		
		265.00	280.00	296.80	314.61		
• <u>Sundays & Public Holidays</u> A basic fee is charged for 4 hours or part thereof For every additional hour which the facility is used an additional tariff is payable		530.00	560.00	593.60	629.22		
		270.00	285.00	302.10	320.23		
• <u>All Dances</u> A basic fee is charged for 4 hours or part thereof For every additional hour which the facility is used an additional tariff is payable		1 800.00	1 910.00	2 024.60	2 146.08		
		540.00	570.00	604.20	640.45		
• Funerals - for 4 hours For every additional hour Preparation fee (per hour)		490.00	520.00	551.20	584.27		
		265.00	280.00	296.80	314.61		
		325.00	345.00	365.70	387.64		
• <u>Deposit</u>		845.00	900.00	954.00	1 011.24		

					
	PRESENT TARIFFS R	PROPOSED TARIFFS 2016-07-01 R	PROPOSED TARIFFS 2017-07-01 R	PROPOSED TARIFFS 2018-07-01 R	
1.9.3	<u>TARIFFS FOR FLORIANVILLE HALL</u>				
	<u>Development Sport</u>				
	Training sessions (Monday - Thursday) 07:45 - 16:30 (per hour)				
		40.00	42.00	44.52	47.19
	Deposit	85.00	90.00	95.40	101.12
*	<u>Monday - Friday</u>				
	07:00 - 12:00 (per session)	260.00	275.00	291.50	308.99
	12:00 - 17:00 (per session)	260.00	275.00	291.50	308.99
	17:00 - 07:00 (per hour)	325.00	345.00	365.70	387.64
*	<u>Saturdays</u>				
	A basic fee charged for 4 hours or part thereof	515.00	545.00	577.70	612.36
	For every additional hour which the facility is used an additional tariff is payable	265.00	280.00	296.80	314.61
*	<u>Sundays & Public Holidays</u>				
	A basic fee is charged for 4 hours or part thereof	530.00	560.00	593.60	629.22
	For every additional hour which the facility is used an additional tariff is payable	270.00	285.00	302.10	320.23
*	<u>All Dances</u>				
	A basic fee is charged for 4 hours or part thereof	1 800.00	1 910.00	2 024.60	2 146.08
	For every additional hour which the facility is used an additional tariff is payable	540.00	570.00	604.20	640.45
*	<u>Funerals - for 4 hours</u>				
	For every additional hour	490.00	520.00	551.20	584.27
	Preparation fee (per hour)	265.00	280.00	296.80	314.61
		325.00	345.00	365.70	387.64
*	<u>Deposit</u>				
		840.00	890.00	943.40	1 000.00
1.9.4	<u>GARDNER WILLIAMS HALL, GREENPOINT HALL AND GALESHEWE CENTRE (ABATHO BANTU HALL)</u>				
	<u>Development Sport</u>				
	Training sessions (Monday - Thursday) 07:45 - 16:30 (per hour)				
		40.00	42.00	44.52	47.19
	Deposit	85.00	90.00	95.40	101.12
*	<u>Monday - Friday</u>				
	07:00 - 12:00 (per session)	180.00	190.00	201.40	213.48
	12:00 - 17:00 (per session)	180.00	190.00	201.40	213.48
	17:00 - 07:00 (per hour)	180.00	190.00	201.40	213.48
*	<u>Saturdays</u>				
	A basic fee charged for 4 hours or part thereof	490.00	520.00	551.20	584.27
	For every additional hour which the facility is used an additional tariff is payable	250.00	265.00	280.90	297.75
*	<u>Sundays & Public Holidays</u>				
	A basic fee is charged for 4 hours or part thereof	530.00	560.00	593.60	629.22
	For every additional hour which the facility is used an additional tariff is payable	270.00	285.00	302.10	320.23
*	<u>Deposit</u>				
		845.00	900.00	954.00	1 011.24
*	<u>All Dances</u>				
	A basic fee is charged for 4 hours or part thereof	1 800.00	1 910.00	2 024.60	2 146.08
	For every additional hour which the facility is used an additional tariff is payable	540.00	570.00	604.20	640.45

	PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
	R	R	R	R
* Funerals - for 4 hours	490.00	520.00	551.20	584.27
For every additional hour	265.00	280.00	296.80	314.61
Preparation fee (per hour)	325.00	345.00	365.70	387.64
* <u>Deposit</u>	845.00	900.00	954.00	1 011.24
1.9.5 <u>CITY HALL</u>				
* <u>Monday - Friday</u>				
07:00 - 12:00 (per session)	780.00	830.00	879.80	932.59
12:00 - 17:00 (per session)	780.00	830.00	879.80	932.59
17:00 - 07:00 (per hour)	455.00	500.00	530.00	561.80
* <u>Saturdays</u>				
A basic fee charged for 4 hours or part thereof	1 200.00	1 300.00	1 378.00	1 460.68
For every additional hour which the facility is used				
an additional tariff is payable				
* <u>Sundays & Public Holidays</u>				
A basic fee is charged for 4 hours or part thereof	1 300.00	1 400.00	1 484.00	1 573.04
For every additional hour which the facility is used				
an additional tariff is payable	455.00	500.00	530.00	561.80
* <u>Deposit</u>	900.00	975.00	1 033.50	1 095.51
** <u>All Dances</u>				
A basic fee is charged for 4 hours or part thereof	1 800.00	1 920.00	2 035.20	2 157.31
For every additional hour which the facility is used				
an additional tariff is payable	555.00	600.00	636.00	674.16
** <u>Deposit</u>	950.00	1 050.00	1 113.00	1 179.78
*** <u>Supper Room</u>				
07:00 - 12:00 (per session)	645.00	680.00	720.80	764.05
12:00 - 17:00 (per session)	645.00	680.00	720.80	764.05
17:00 - 07:00 (per hour)	820.00	900.00	954.00	1 011.24
*** Funerals - for 4 hours	1 170.00	1 250.00	1 325.00	1 404.50
For every additional hour	325.00	350.00	371.00	393.26
Aircon \ 8 hour session	845.00	900.00	954.00	1 011.24
Preparation fee (per hour)	375.00	400.00	424.00	449.44
*** <u>Deposit</u>	790.00	850.00	901.00	955.06
If a request is received from the following organisations/institutions, a 50% may be granted				
* Registered Welfare Organisations				
* Registered Non-profitable Organisations				
* Schools				
* Churches				
NB. Government Departments to pay full tariff.				
It is proposed that if a request is received from a Welfare Organization to use the above facilities at a reduced tariff, authority be granted to lease the facilities at 50% of the normal tariff plus a relevant deposit which is refundable.				
1.9.6 <u>PROPERTY SERVICES</u>				
Administration costs per transaction levy -				
15% of the sale / hire price:				
* Minimum				
* Maximum				
	533.00	533.00	565.00	599.00
	1 597.00	1 597.00	1 693.00	1 794.00



1.9.7

TRAFFIC**FUNCTIONS, MARCHES & SPORT****Monday to Saturday**

One or two Officers per event
 Three or four Officers per event
 More than four Officers per event
 Sunday and Public Holidays
 Per Officer per hour or part thereof

ESCORT OF ABNORMAL LOADS**Monday to Saturday**

Per Officer per hour or part thereof
 Sunday and Public Holidays
 Per Officer per hour or part thereof

RENTAL OF ROAD SIGNS

Renting of temporary Road Signs -
 Deposit per sign

HIRE OF PARKING BAY

Hiring of a Parking Bay per Parking Bay per Day

SEARCH FEES

Service of Summonses for other Local Authorities (per Summonses executed)

WEIGHBRIDGE

0 - 3500 kg
 3500 - 9000 kg
 9000 - 16000 kg
 Above 16000 kg

1.9.8

LIBRARY

Videos, Fiksie en Nie-fiksie / DVD

Damaged barcode

Postal tariffs : reminders

Fines : per week

: per month

Maximum fine per item

Reservation fee

Admin fee : Phone calls

Admin fee : Cell phone calls

Book record covers

Duplicate computer membership card

Photocopy charges - A4

- A3


Country members (per annum)

Visitors - deposit

- fee

PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	R	PROPOSED TARIFFS 2017-07-01	R	PROPOSED TARIFFS 2018-07-01	R
890.00	900.00		972.00		1 049.76	
1 770.00	1 780.00		1 922.40		2 076.19	
2 210.00	2 220.00		2 397.60		2 589.41	
840.00	850.00		918.00		991.44	
510.00	520.00		561.60		606.53	
1 710.00	1 720.00		1 857.60		2 006.21	
280.00	290.00		313.20		338.26	
170.00	180.00		194.40		209.95	
155.00	160.00		172.80		186.62	
90.00	95.00		102.60		110.81	
100.00	110.00		118.80		128.30	
200.00	210.00		226.80		244.94	
300.00	310.00		334.80		361.58	
500.00	510.00		550.80		594.86	
6.00	7.00		7.42		7.87	
2.50	3.00		3.18		3.37	
7.00	8.00		8.48		8.99	
2.00	2.00		2.12		2.25	
8.00	8.00		8.48		8.99	
30.00	35.00		37.10		39.33	
4.00	5.00		5.30		5.62	
9.00	10.00		10.60		11.24	
16.00	16.00		16.96		17.98	
5.00	7.00		7.42		7.87	
25.00	30.00		31.80		33.71	
0.50	0.50		0.53		0.56	
1.00	1.00		1.06		1.12	
120.00	120.00		127.20		134.83	
120.00	120.00		127.20		134.83	
100.00	120.00		127.20		134.83	




	PRESENT TARIFFS		PROPOSED TARIFFS		PROPOSED TARIFFS	
	R	2016-07-01	R	2017-07-01	R	2018-07-01
<u>Laminates:</u>						
A4	8.00	8.00	8.48	8.99		
A3	12.00	14.00	14.84	15.73		
85mm x 60	5.00	5.00	5.30	5.62		
A5	6.00	6.00	6.36	6.74		
Inter library loans	70.00	75.00	79.50	84.27		
Books rebinding	50.00	60.00	63.60	67.42		
Toilet tariff	0.50	0.50	0.53	0.56		
CD container / DVD	5.00	5.00	5.30	5.62		
Research fee (inter library loans)	12.00	15.00	15.90	16.85		
<u>Fax facility:</u>						
Local per page	4.50	5.00	5.30	5.62		
National per page	8.00	10.00	10.60	11.24		
International per page	25.00	30.00	31.80	33.71		
Faxes received per page	3.00	3.00	3.18	3.37		
Fax to mail (all 086 numbers) per page	10.00	10.00	10.60	11.24		
<u>MAIN- AND GALESHEWE LIBRARIES</u>						
<u>Non-profitable Organisations and Cultural Activities</u>						
Per session	110.00	120.00	127.20	134.83		
Kitchen facilities	40.00	45.00	47.70	50.56		
Deposit	300.00	350.00	371.00	393.26		
<u>Commercial Institutions and Political Parties</u>						
Per session	300.00	320.00	339.20	359.55		
Kitchen facilities	40.00	45.00	47.70	50.56		
Deposit	300.00	350.00	371.00	393.26		
Audio visual material (per item)	60.00	60.00	63.60	67.42		
Data Projector (Main Library only) per session	280.00	280.00	296.80	314.61		
<u>HALL RENTALS</u>						
<u>SONNY LEON LIBRARY</u>						
<u>Non-profitable organisations and Cultural Activities</u>						
Per session	80.00	85.00	90.10	95.51		
Kitchen facilities	40.00	45.00	47.70	50.56		
Deposit	300.00	350.00	371.00	393.26		
<u>Commercial Institutions and Political Parties</u>						
Per session	160.00	175.00	185.50	196.63		
Kitchen facilities	40.00	45.00	47.70	50.56		
Deposit	300.00	350.00	371.00	393.26		
Audio visual material (per item)	60.00	60.00	63.60	67.42		
<u>HALL RENTALS</u>						
<u>BEACONSFIELD AND JUDY SCOTT LIBRARIES</u>						
<u>Non-profitable organizations and Cultural Activities</u>						
Per session	80.00	85.00	90.10	95.51		
Kitchen	40.00	45.00	47.70	50.56		
Deposit	300.00	350.00	371.00	393.26		
<u>Commercial Institutions and Political Parties</u>						
Per session	160.00	175.00	185.50	196.63		
Kitchen facilities	40.00	45.00	47.70	50.56		
Deposit	300.00	350.00	371.00	393.26		
Audio visual material (per item)	60.00	60.00	63.60	67.42		

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PRESENT TARIFFS R	PROPOSED TARIFFS 2016-07-01 R	PROPOSED TARIFFS 2017-07-01 R	PROPOSED TARIFFS 2018-07-01 R
Inspection fees (Calculated per inspection or plan approved)			
Fire prevention inspection, building plans and sites per project			
363.00	399.30	435.04	472.41
Inspection of flammable liquids, solids and gasses installations:			
• 1 liter - 2000 liter	420.00	503.35	546.59
• 2001 liter - 5000 liter	545.00	653.16	709.26
• 5001 liter - 50000 liter	665.00	796.97	865.43
• 50001 lire and more	785.00	940.78	1 021.60
*Tankers - irrespective the size and inspected at the Emergency Services - per registration certificate	399.00	478.18	519.26
Inspection and service of fire extinguishers for Municipal Sections - per extinguisher serviced.	as per tender	as per tender	as per tender
Monitoring of fire alarms (per month per alarm)	160.00	176.00	208.22
Training As per Prospectus - calculated in terms of time and material used.			
DEVELOPMENT SERVICES			
Tram			
Single trip (Adults) (Return Trip 2x single)	15.00	10.00	10.00
Single trip (Children - Primary School) (Return Trip 2x single)	10.00	10.00	10.00
Regional Tourism Centre			
Kiosk:	1 103.00	1 103.00	1 239.00
Minimum tender price/month - 12 month period			
Cubicles:	788.00	788.00	885.00
Minimum tender price/month - 12 month period			
Exhibition space per m² per day	14.00	14.00	16.00
Hawkers shelter per day	26.00	26.00	30.00
Informal Trade facilities			
Stalls with storage facilities	275.00	292.00	329.00
Stalls without storage facilities	132.00	140.00	157.00
Fruits and Vegetable Structures	180.00	191.00	214.00
Pension Pay Points (Card Carrying Pensioners)	53.00	56.00	63.00
Caravans within CBD (Auction set-off price)	349.00	370.00	416.00
Caravans outside CBD	175.00	186.00	209.00
POUND SERVICES			
Impounding:			
Horses, donkey's, cattle and pigs (each, once off payment)	133.00	133.00	157.35
Sheep and goat (each, once off payment)	48.00	48.00	56.79
Maintenance			
Horses, donkey's, cattle and pigs (each per day)	48.00	48.00	56.79
Sheep and goat (each per day)	24.00	24.00	28.39
G.W.K rent tariff			
Large stock unit	48.00	48.00	56.79
Small stock unit	30.00	30.00	35.49

The tariff per kilometre will be applicable for animals brought to the pound by an individual with a (LCV) light commercial vehicle. The tariff paid will be in accordance with the AA Vehicle Rates Calculator.

		PRESENT TARIFFS R	PROPOSED TARIFFS 2016-07-01 R	PROPOSED TARIFFS 2017-07-01 R	PROPOSED TARIFFS 2018-07-01 R	
1.10	<u>LABORATORY TARIFFS (COMMUNITY & SOCIAL DEVELOPMENT SERVICES)</u>					
	<u>Chemical Analysis</u>					
	Digester samples	472.00	500.00	530.00	562.00	
	Waste activated sludge	133.00	141.00	149.00	158.00	
	Sludge volume index	67.00	71.00	75.00	80.00	
	Nitrates	106.00	112.00	119.00	126.00	
	Potassium	128.00	136.00	144.00	153.00	
	Sulfates	128.00	136.00	144.00	153.00	
	Phosphate	128.00	136.00	144.00	153.00	
	Fluoride	128.00	136.00	144.00	153.00	
	Total solids	128.00	136.00	144.00	153.00	
	Free Residual Chlorine	67.00	71.00	75.00	80.00	
	Magnesium	145.00	154.00	163.00	173.00	
	COD	117.00	124.00	131.00	139.00	
	TKN = Total Kjeldahl Nitrogen	145.00	154.00	163.00	173.00	
	NH-3/Ammonia	145.00	154.00	163.00	173.00	
	Zinc	145.00	154.00	163.00	173.00	
	Iron	145.00	154.00	163.00	173.00	
	Manganese	145.00	154.00	163.00	173.00	
	Plate Count	134.00	142.00	151.00	160.00	
	Suspended solids	134.00	142.00	151.00	160.00	
	Hardness	134.00	142.00	151.00	160.00	
	Alkalinity	134.00	142.00	151.00	160.00	
	Total Chloride	134.00	142.00	151.00	160.00	
	Aluminium	134.00	142.00	151.00	160.00	
	PH	58.00	61.00	65.00	69.00	
	Conductivity	58.00	61.00	65.00	69.00	
	Turbidity	58.00	61.00	65.00	69.00	
	Dissolved Oxygen	58.00	61.00	65.00	69.00	
	<u>Packets</u>					
	Water Bacteriological E. coli and coli	270.00	286.00	303.00	321.00	
	1.11	<u>MISCELLANEOUS (FINANCIAL SERVICES)</u>				
		<u>Furnishing of information</u>				
		(a) Search of any account	50.00	55.00	60.00	65.00
		(b) For the inspection of any Deed document or diagram or any details relating thereto	50.00	55.00	60.00	65.00
		(c) For the supply of any Certificate of Valuation or of the outstanding charges against property (excluding requests by the court for estate purposes or by attorneys)	50.00	55.00	60.00	65.00
		(d) In respect of any search of information where a fee for such search has not been prescribed by (a), (b) or (c).	149.00	155.00	162.00	170.00
		NB. ABOVE - In respect of (a)(b) and (d) for every hour or portion thereof				
		<u>Water - Reconnection fees</u>				
		Water - Disconnection fees	639.00	750.00	850.00	950.00
		Water - Temporary consumption (Funerals, etc.)	149.00	155.00	162.00	170.00
	1.11.3	Special meter reading	149.00	155.00	162.00	170.00
		Meter test - Electricity	479.00	500.00	550.00	600.00
	1.11.4	Electricity - Temporary consumption (Funerals, etc.)	245.00	260.00	280.00	300.00
		Electricity - Non-payment penalty:				
	1.11.5	* For Conventional meters	426.00	500.00	550.00	600.00
		* For Prepaid meters	266.00	300.00	320.00	340.00

	PRESENT TARIFFS R	PROPOSED TARIFFS 2016-07-01 R	PROPOSED TARIFFS 2017-07-01 R	PROPOSED TARIFFS 2018-07-01 R
1.11.6	Electricity - Reconnection fees (Controller Wire) Tampering administration fee Tamper disconnection fee Tamper reconnection fee	479.00 1 172.00 2 343.00 2 343.00	500.00 1 200.00 2 500.00 2 500.00	600.00 1 400.00 2 800.00 2 800.00
1.11.7	<u>Informal Housing - Erven with balls</u> Bulk refuse Pails High Mast Gravel road Stand pipe	24.00 See sanitation 22.00 21.00 24.00	25.00 See sanitation 24.00 22.00 25.00	27.00 See sanitation 26.00 24.00 27.00
1.11.8	<u>Informal Housing - Sewered Erven</u> Bulk refuse Sewerage High Mast Gravel road Stand pipe	24.00 See sanitation 22.00 21.00 24.00	25.00 See sanitation 24.00 22.00 25.00	27.00 See sanitation 26.00 24.00 27.00
1.11.9	<u>Dog license fees (per year)</u> Dogs (male) and sterilized bitches (per dog to a maximum of two dogs) Bitches (per bitch to a maximum of two dogs) Three dogs and more with written permission from Council Pensioners (maximum 1 dog)	85.00 181.00 320.00 21.00	90.00 190.00 340.00 22.00	100.00 200.00 380.00 24.00
1.11.10	Electricity availability	181.00	190.00	210.00
1.11.11	Water availability	181.00	190.00	210.00
1.11.12	Fixed electricity (limited supply - 2Amps)	181.00	190.00	210.00
1.11.13	<u>Deposits - Electricity and Water Supply</u> <u>Flats:</u> 1-Bedroom 2-Bedroom 3-Bedroom	958.00 1 065.00 1 065.00	1 000.00 1 150.00 1 500.00	1 100.00 1 500.00 1 700.00
	<u>Townhouses:</u> 2-Bedroom 3-Bedroom	1 065.00 1 385.00	1 150.00 1 500.00	1 500.00 1 700.00
	<u>Domestic Houses:</u> 2-Bedroom 3-Bedroom More than 3-bedrooms	1 065.00 1 385.00 2 130.00	1 150.00 1 500.00 2 200.00	1 500.00 1 700.00 2 400.00
	Builders water deposit	2 130.00	2 200.00	2 400.00
	<u>Business/Industries:</u> Small power users Large power users	2 130.00 5 006.00	2 200.00 5 200.00	2 400.00 5 800.00
	<u>Rural consumers</u> Informal housing <u>Businesses/Industries:</u> Bulk water supply	61.00 5 006.00 53.00	65.00 5 200.00 55.00	70.00 5 800.00 60.00
1.11.14	Indigents - Water deposit	3 728.00	4 000.00	4 400.00
1.11.15	Valuation Roll (CD or Disk) Address List (CD or Disk)	3 728.00	4 000.00	4 400.00

	PRESENT TARIFFS R	PROPOSED TARIFFS 2016-07-01 R	PROPOSED TARIFFS 2017-07-01 R	PROPOSED TARIFFS 2018-07-01 R
1.11.16	<u>Penalty for an unmetered (official)</u> Water connection Thereafter a daily penalty until meter is installed (per day) Consumption per house	9 585.00 1 000.00 1 000.00 5 000.00	11 000.00 1 050.00 5 250.00	12 000.00 1 100.00 5 500.00
1.11.17	Electricity and water availability for Business/Industries/State to be determined. Increase to be in line with average tariff increase			
1.11.18	<u>Late objection to General Valuation Roll or Supplementary Valuation Roll</u> Prescribed application fee for consideration of late objection and review	266.00	280.00	300.00
1.11.19	A basic tariff for services which are impractical to be metered as per the Tariff Policy	101.00	110.00	130.00
1.11.20	All financial transactions on services or other, billed by the municipality attracting interest will be charged such interest at a rate of prime (bank rate) plus 1 %.			
1.12	<u>WATER TARIFFS (SERVICES & INFRASTRUCTURE)</u>			
1.12.1	<u>Water Connections</u>			
	Size of Connection (mm)	Size of Meter (mm)		
	20	15		
	25	20	7 209.77	8 123.81
	40	32	7 068.64	7 937.83
	50	40	13 960.94	15 677.63
	80	50	16 431.04	18 451.47
			26 806.22	30 102.42
			Additional costs	Additional costs
	100	75	31 267.60	37 345.53
			Additional costs	Additional costs
	150	100	37 057.71	44 261.16
			Additional costs	Additional costs
	250	150	37 057.71	44 261.16
			Additional costs	Additional costs
	300	150	37 057.71	44 261.16
			Additional costs	Additional costs
	<u>Builders Water</u>			
	These connections are temporary connections supplied for the purpose of providing construction water during the period when building activities are taking place. The cost of this connection will be 50% of the initial cost of a similar size connection for general use but in the case of larger meters, any additional cost required to install the meter will be payable in full. A deposit of R1060 (refundable on closure of account) is payable.			
1.12.2	<u>Testing of Water Meters</u>	1 034.82	1 076.22	1 212.66
1.12.3	<u>Tariff per meter tested</u> <u>Exposure of Services</u> Tariff per service exposure	514.35	534.92	602.74
1.12.4	<u>Water (Normal tariff structure)</u> Schools, Sports fields and Parks Charities/Churches Business - Commercial Business - Industrial Residential (0 - 6 Kl) Residential (7 - 20 Kl) Residential (21 - 40 Kl) Residential (41 - 60 Kl) Residential (more than 60 Kl)	15.54 15.54 26.38 21.55 5.07 21.55 24.26 25.65 27.41	16.16 16.16 27.44 22.41 5.27 22.41 25.23 26.68 28.50	18.21 18.21 30.92 25.26 5.94 23.75 26.73 28.26 30.20

PRESENT TARIFFS	PROPOSED TARIFFS 2016-07-01	PROPOSED TARIFFS 2017-07-01	PROPOSED TARIFFS 2018-07-01
	R	R	R
Flats (0 - 6 Kl)	5.07	5.27	5.58
Flats (7 - 20 Kl)	21.55	22.41	23.75
Flats (21 - 40 Kl)	24.26	25.23	26.73
Flats (more than 40 Kl)	27.41	28.50	30.20
Builders Water	30.34	31.55	33.43
Rural consumers: as above plus	4.00%	4.00%	4.00%
<u>Purified effluent tariffs</u>			
For sale to De Beers:			
From 1 July - 30 June per month	52 551.96	54 654.04	61 582.96
Plus per Kl	0.148	0.154	0.173
For sale to Municipality:			
Approved Institutional Consumers / per Kl	1.71	1.78	1.89
			2.01

1.12.5

DEFINITIONS FOR THE PURPOSE OF WATER CONSUMPTION CATEGORIZATION

Residential

Any consumer located in a stand-alone house with associated ground surrounding the house.

Flat

Any consumer located in a dwelling grouped with other dwellings and not having grounds associated with that specific dwelling even when there is ground associated with the dwelling complex.

Charity/Church

Any consumer which carries out **bona fide** charity work and which is registered as a charitable non-profit organization will be classified as charity.

Any consumer where the property is used for the primary purpose of religious gatherings and where the property is situated on an Erf zoned as "Church".

Parks, Schools and Sports Fields

A Park is defined as a municipal park where vegetation is grown for the purpose of beautifying the City.

A School is a property where the primary activity is educational.

Sports fields are organizations where the primary activity is the playing of sports requiring grassed surfaces and where the area of grassed surface exceeds 1000m².

Business : Industrial

Any consumer where the primary activity is manufacturing or processing and where water is either a component of the manufactured product or is used in the process for cleaning, cooling or similar purposes.

Business : Commercial

Any consumer where the primary activity is commercial or retail and the primary activity is not water-based cleaning.

Rural Consumers

Any consumer located outside the municipal boundaries.

Builders Water

Any water supplied through a builders connection.

		PRESENT TARIFFS R	PROPOSED TARIFFS 2016-07-01 R	PROPOSED TARIFFS 2017-07-01 R	PROPOSED TARIFFS 2018-07-01 R
1.13	CLEANSING SERVICES (SERVICES & INFRASTRUCTURE)				
	For the removal of refuse the tariff of charges shall be at the following rates:				
1.13.1	<u>All premises other than private dwelling houses:</u>				
	(a) Payable by the owner -				
	One regular removal of refuse not exceeding 0,8m³ per week per month	555.85	578.09	612.25	647.33
	(b) Payable by the owner or occupier at the discretion of the Council for each additional removal of removal of 0,8m³ of refuse per week per month	555.85	578.09	612.25	647.33
	c) where the owner or occupier provides containers for the removal of refuse by bulk which can be mechanically emptied in the Council's vehicle and of which the volume does not exceed 1,6m³ per one removal per week per month	555.85	578.09	612.25	647.33
	Where more than one removal is necessary payment must be made monthly in advance.				
	(d) Where the owner or occupier provides containers for the removal of refuse in bulk which can be loaded by the Council's mechanical handling vehicles and of which the volume does not exceed 6m³ per one removal per week the tariff for each removal shall be	2 086.49	2 169.95	2 298.20	2 429.89
	Where more than one removal is necessary payment must be made monthly in advance.				
	(e) Where the owner or occupier hires a 1,54m³ bulk container from the City Council - that hire shall be 6,0m² container hire	338.80	352.35	373.18	394.56
	(f) Where special garden refuse is removed the tariff per per m² applicable shall be	488.35	507.89	537.90	568.72
	(g) All premises pay the tariff of one regular refuse removal per week where the actual removal is undertaken by the business itself. The tariff shall be	54.14	56.30	59.63	63.05
	(h) Payable by the owner of a small business that generates one container or bag of refuse per week and that such concession only be implemented on receipt of a written application from such business	555.85	578.09	612.25	647.33
1.13.2	<u>Private dwellings</u>	280.94	292.18	309.45	327.18
	Payable by the owner for one regular removal of refuse per week - the tariff shall be				
1.13.3	<u>Flats</u>	94.40	98.18	103.98	109.94
1.13.4	A basic monthly charge - Residential (availability charge) - Business	47.20	49.09	51.99	54.97
		280.94	292.18	309.45	327.18
1.14	SANITATION TARIFFS (SERVICES & INFRASTRUCTURE)				
1.14.1	<u>Sewerage</u>				
	Private dwelling houses and premises (excluding flats, semi-detached dwellings, hotels, boarding and lodging houses and hostels):				
	Basic monthly charge (two sanitary convenience)	132.31	137.60	145.73	154.11
	Additional monthly charge (each additional connection, excluding private dwellings)	79.40	82.57	87.45	92.48
	<u>Flats and semi-detached dwellings:</u>				
	Basic monthly charge (first living unit)	132.31	137.60	145.73	154.11
	Additional monthly charge (each additional unit)	79.40	82.57	87.45	92.48
	<u>Hotel, Boarding Houses, Lodging Houses and Hostels</u>				
	Basic monthly charge (two sanitary conveniences)	132.31	137.60	145.73	154.11
	Additional monthly charge (each additional connection)	79.40	82.57	87.45	92.48
	A basic monthly charge (availability charge) in terms of Section 5 of the By-law to Sewerage and Sanitary charges (PN 140 dated 01/02/1974) as amended	116.20	120.85	128.00	135.36
1.14.2	<u>Conservancy Tank and Night-soil Removals</u>				
	<u>Removal of slops from conservancy tanks by vacuum tanker:</u>				
	A. Within 10km of CBD				
	(Monday - Friday between 08:00 and 16:00)	219.93	228.72	242.24	256.17
	Basic charge (first 5Kl)	36.30	37.75	39.98	42.28
	Additional charge (per 1Kl or part thereof)	181.48	188.74	199.89	211.38
	Vacuum tanker transport charge (per call)				

	PRESENT TARIFFS R	PROPOSED TARIFFS 2016-07-01 R	PROPOSED TARIFFS 2017-07-01 R	PROPOSED TARIFFS 2018-07-01 R
B. Within 10km of CBD (After hours, Monday - Friday & Saturdays)				
Basic charge (first 5Kl)	344.35	358.12	379.29	401.10
Additional charge (per 1Kl or part thereof)	58.98	61.34	64.96	68.70
Vacuum tanker transport charge (per call)	254.07	264.23	279.84	295.94
C. Within 10km of CBD (Sundays and Public Holidays)				
Basic charge (first 5Kl)	453.01	471.13	498.97	527.66
Additional charge (per 1Kl or part thereof)	70.32	73.13	77.46	81.91
Vacuum tanker transport charge (per call)	357.28	371.57	393.53	416.16
D. Further than 10km from CBD (Per km further)				
As above (A to C) plus km charge				
Any tanker/km	41.00	42.64	45.16	47.76
The number of calls made by the vacuum tanker each month will be governed by the capacity of the owner's conservancy tank.				
A surcharge of 50% will be levied on the tariffs in the case of premises which can be connected to the sewerage system after the period allowed in terms of the connection notice has expired.				
Removal of night-soil:				
Basic monthly charge (two night-soil pails, five times per fortnight)	103.33	107.46	113.81	120.36
Additional monthly charge (each additional pail removal, five times per fortnight)	56.71	58.98	62.47	66.06
Occasional hire of bucket (per day per bucket)	28.36	29.49	31.23	33.03
Removal of night-soil from building premises and contractor's sites (surcharge not applicable)				
Basic monthly charge (one pail, three times a week)	712.69	741.20	785.00	830.14
Basic monthly charge (one pail, six times a week)	1 056.98	1 099.26	1 164.23	1 231.17
Blockages and Portable Toilets				
Internal sewer blockages:				
Basic charge (Monday - Friday between 08:00 - 16:00)	436.68	454.14	480.98	508.64
Basic charge after hours (Monday - Saturdays)	533.09	554.41	587.17	620.94
Basic charge (Sundays and Public holidays)	793.96	825.72	874.52	924.80
Service will only be provided to clients presenting a valid municipal account. Category B clients will be entitled to the percentage discounts to which they are entitled.				
Portable Toilets:				
Hire rate per day on site	198.49	206.43	218.63	231.20
Transport charge (per vehicle)	425.33	442.35	468.49	495.43
Sewer Connections:				
Sewer connection (100mm)	2 466.94	2 565.62	2 717.24	2 873.49
Sewer connection (150mm)	2 863.92	2 978.47	3 154.50	3 335.89
Public convenience (Craven Street)				
Shower plus usage of towel (per person)	11.34	11.80	12.49	13.21
DISCOUNT EARLY PAYMENT				
	10%	10%	10%	10%

1.15 A discount on the early payment of water, rates, sewerage and refuse services charges if the account is paid before or on the monthly deadline date. To be implemented from the first account run in July.

1.16 **ELECTRICITY (SERVICES & INFRASTRUCTURE)**

1.16.1 **TARIFFS FOR SERVICE CONNECTIONS**

SCALE 4 - STREET LIGHTS

Cost of an additional street light

Cost to move a street light

Replacement of a damaged street light pole:

- * 6m single cantilever
- * 9m single cantilever
- * 9m double cantilever
- * 12m single cantilever

SINGLE PHASE DIS- & RECONNECTION FEE WHEREBY AN ELECTRICIAN IS INVOLVED

Disconnection fee for an O/H supply system

Disconnection fee for an U/G supply system

Reconnection fee for an P/H supply system

Reconnection fee for an U/G supply system

3-PHASE DIS- & RECONNECTION FEE

WHEREBY AN ELECTRICIAN IS INVOLVED

Disconnection fee for an O/H supply system

Disconnection fee for an U/G supply system

Reconnection fee for an O/H supply system

Reconnection fee for an U/G supply system

CALL OUT TO CONSUMER

Call out to a fault on consumer's installation

1.16.2

COSTS OF NEW SERVICE CONNECTIONS

60-AMP STANDARD SINGLE PHASE

Airdec connection from O/H supply system with prepayment meter & ready board

Airdec connection from O/H supply system with prepayment meter only

Cable connection from U/G supply system with prepayment meter

Cable connection from U/G supply system with conventional meter

60AMP STANDARD 3-PHASE

Airdec connection from O/H supply system with prepayment meter & ready board

Airdec connection from P/H supply system with prepayment meter only

Cable connection from U/G supply system with prepayment meter

Cable connection from U/G supply system with conventional meter

ALTERATIONS TO SERVICE CONNECTIONS

Alterations on existing single phase connection

Alterations on existing 3-phase connection

1.16.3

UPGRADING OF SERVICES


UPGRADING OF AN EXISTING SINGLE PHASE

SERVICE CONNECTION ON CONDITION OF

A service connection with a 10 x 2mm square service cable upgraded to max. 80-amp with curve 1MCB at consumer mains and curve 2MCB at supply authority mains

A service connection with a 16 x 2mm square service cable upgraded to max. 100-amp with curve 1MCB at consumer mains and curve 2MCB at supply authority mains.

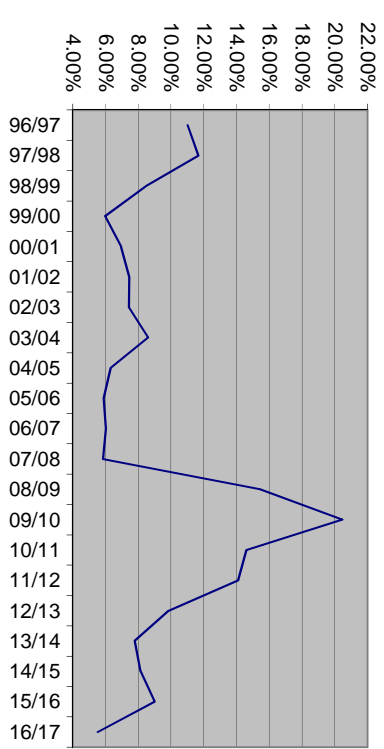
PRESENT TARIFFS R	PROPOSED TARIFFS 2016-07-01 R	PROPOSED TARIFFS 2017-07-01 R	PROPOSED TARIFFS 2018-07-01 R
As per quote	As per quote	As per quote	As per quote
As per quote	As per quote	As per quote	As per quote
18 996.73	20 421.48	21 926.54	23 518.41
30 192.40	32 456.83	34 848.90	37 378.93
30 573.17	32 866.16	35 288.40	37 850.34
32 409.98	34 840.73	37 408.49	40 124.35
2 079.88	2 235.87	2 400.66	2 574.94
5 007.52	5 383.08	5 779.82	6 199.43
2 113.41	2 271.91	2 439.35	2 616.45
276.60	297.34	319.26	342.44
2 963.56	3 185.83	3 420.62	3 668.96
5 160.79	5 547.85	5 956.72	6 389.18
4 089.12	4 395.80	4 719.77	5 062.42
5 160.79	5 547.85	5 956.72	6 389.18
419.09	450.52	483.72	518.84
15 015.38	16 141.53	17 331.16	18 589.40
13 183.36	14 172.11	15 216.59	16 321.32
20 942.50	22 513.19	24 172.41	25 927.32
18 571.65	19 964.52	21 435.91	22 992.16
18 266.31	19 636.29	21 083.48	22 614.14
16 434.29	17 666.87	18 968.91	20 346.06
22 738.60	24 443.99	26 245.51	28 150.94
27 210.88	29 251.69	31 407.54	33 687.73
As per quote	As per quote	As per quote	As per quote
As per quote	As per quote	As per quote	As per quote
As per quote and stipulated conditions	As per quote and stipulated conditions	As per quote and stipulated conditions	As per quote and stipulated conditions
As per quote and stipulated conditions	As per quote and stipulated conditions	As per quote and stipulated conditions	As per quote and stipulated conditions

					
UPGRADING OF AN EXISTING 3-PHASE SERVICE					
CONNECTION ON CONDITION OF					
1.16.4	A service connection with a 10 x 4mm square service cable upgraded to max. 80-amp with curve 1MCB at consumer mains and curve 2MCB at supply authority mains	As per quote and stipulated conditions	As per quote and stipulated conditions	As per quote and stipulated conditions	As per quote and stipulated conditions
	A service connection with a 16 x 4mm square service cable upgraded to max. 100-amp with curve 1MCB at consumer mains and curve 2MCB at supply authority mains	As per quote and stipulated conditions	As per quote and stipulated conditions	As per quote and stipulated conditions	As per quote and stipulated conditions
	Supply above 100A (single & 3-phase)	As per quote	As per quote	As per quote	As per quote
	Replacement of conventional meter with prepayment meter (Meter only)	Bin price + VAT	Bin price + VAT	Bin price + VAT	Bin price + VAT
	Replacement of conventional meter with prepayment meter (Meter and labour)	7 304.13	7 851.94	8 430.63	9 042.69
NB. MAXIMUM OF TWO PREPAYMENT METERS DOMESTIC ERF, EXCEPT WHEN 3-PHASE					
CABLES AND VARIOUS					
1.16.4	Installation of public address system	3 951.41	4 247.77	4 560.83	4 891.95
	Meter test	790.28	849.55	912.17	978.39
	Special meter reading	257.44	276.75	297.15	318.72
ELECTRICITY TARIFFS (POWER USERS)					
(Subject to the approval of the NERSA)					
NERSA guideline tariffs for municipalities necessitate the introduction and implementation of inclined block tariff for domestic users.					
This has had a major impact on all categories of electricity tariffs. In addition to this, SPM sought to simplify and align it's "Large Power User" tariffs with Eskom's municipal billing structure. This required a revision of all commercial/business based tariffs.					
For large power users a low and high demand season tariff was introduced.					
A. The customer groupings are as follows:					
Domestic: Defined as houses, churches, schools, halls, old age homes, other charitable and non profitable organisations					
Small Power Users: Defined as all other consumers with a maximum demand less than 100kVA.					
Large Power Users: Defined as all consumers with a maximum demand greater than 100kVA.					
Domestic Tariff (Conventional and Prepaids)					
1.16.4.1	Block 1 (0 - 50 Kwh)	1.3379	1.4382	1.5442	1.6563
	Block 2 (51 - 350 Kwh)	1.8342	1.9718	2.1171	2.2708
	Block 3 (351 - 600 Kwh)	1.9845	2.1333	2.2905	2.4568
	Block 4 (> 600 Kwh)	2.1048	2.2626	2.4294	2.6057
Public Benefit and Schools					
1.16.4.2	Conventional and Prepayment Meter users	NEW	1.9718	2.1171	2.2708
Business Tariff					
1.16.4.3	Small Power Users (Conventional and prepaid meters)	2.2103	2.3761	2.5512	2.7365
	Energy charge per Kwhr				
Large Power Users					
1.16.4.3.2	Basic charge per month	3 453.52	3 712.53	3 986.14	4 275.54
	Network Demand Charge R/KVA	131.23	141.07	151.47	162.46
	Network Access Charge R/KVA	44.21	47.52	51.02	54.73
	Energy Charges R/Kwh				
	Low Demand Season: (September - May)				
	Peak	1.8951	2.0372	2.1873	2.3461
	Standard	1.0105	1.0863	1.1663	1.2510
	Off-peak	0.8551	0.9192	0.9870	1.0586
	High Demand Season: (June - August)				
	Peak	3.9366	4.2319	4.5438	4.8737
Standard	1.3430	1.4438	1.5502	1.6627	
Off-peak	0.9856	1.0595	1.1376	1.2202	
Street Lights					
1.16.4.4	Energy charge per Kwhr	1.3379	1.4382	1.5442	1.6563

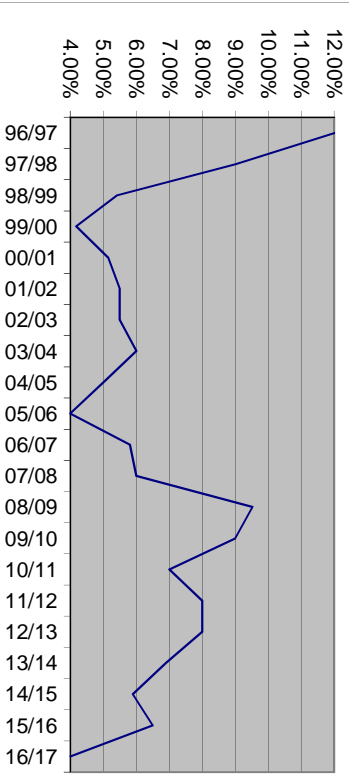
HISTORY OF TARIFFS

SOL PLAATJE MUNICIPALITY

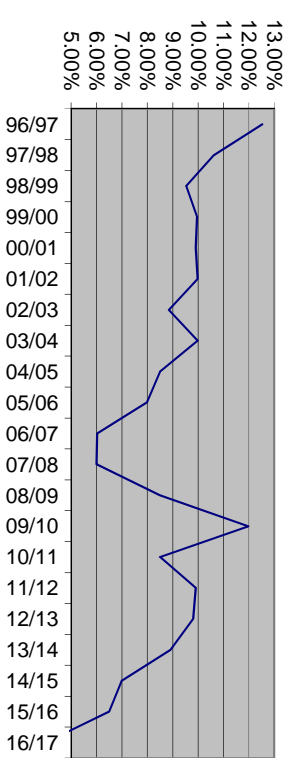
AVERAGE



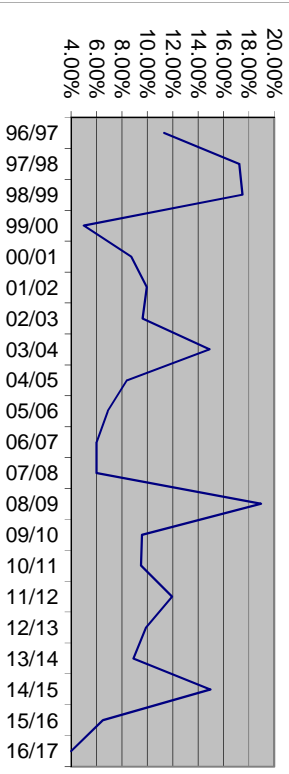
CLEANSING



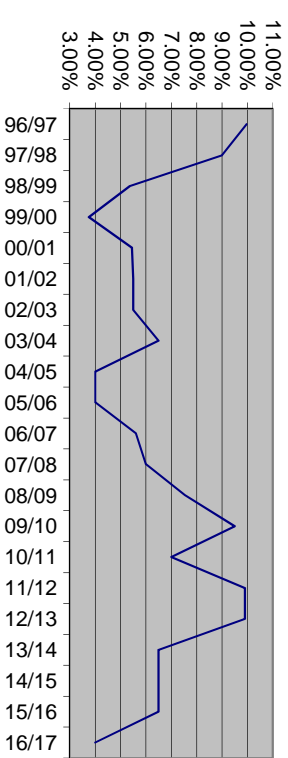
RATES



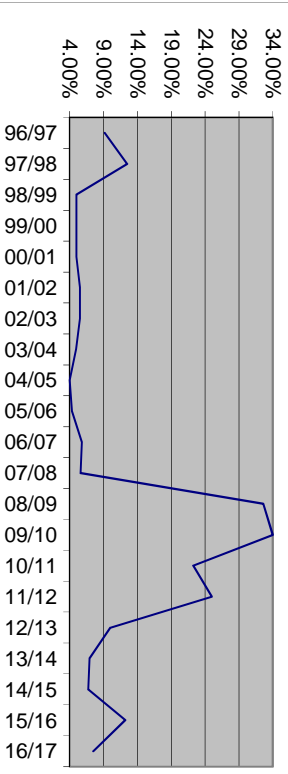
WATER



SEWERAGE



ELECTRICITY



SOL PLAATJE MUNICIPALITY

TARIFF HISTORY

	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17
RATES	12.53%	10.62%	9.53%	9.96%	9.91%	9.99%	8.85%	9.99%	8.50%	7.98%	6.03%	6.00%	8.50%	11.97%	8.50%	9.91%	9.80%	8.91%	6.99%	6.50%	4.00%
SEWERAGE	9.96%	9.00%	5.36%	3.75%	5.46%	5.50%	5.50%	6.50%	4.00%	4.00%	5.61%	6.00%	7.54%	9.50%	7.00%	9.90%	9.90%	6.50%	6.50%	6.50%	4.00%
CLEANSING	12.02%	9.00%	5.42%	4.18%	5.15%	5.50%	5.50%	6.00%	5.00%	4.00%	5.81%	6.00%	9.53%	9.00%	7.00%	8.00%	8.00%	6.90%	5.90%	6.50%	4.00%
WATER	11.33%	17.26%	17.50%	5.00%	8.72%	9.97%	9.63%	14.92%	8.40%	6.90%	6.01%	6.00%	18.96%	9.60%	9.50%	11.95%	9.90%	8.90%	14.99%	6.50%	4.00%
ELECTRICITY	9.18%	12.50%	4.98%	5.00%	4.99%	5.50%	5.51%	4.93%	4.00%	4.30%	5.78%	5.60%	32.60%	34.00%	22.22%	24.98%	9.99%	6.90%	6.72%	12.20%	7.50%
AVERAGE	11.00%	11.68%	8.50%	5.97%	6.95%	7.46%	7.44%	8.61%	6.31%	5.88%	6.03%	5.84%	15.43%	20.46%	14.60%	14.09%	9.85%	7.79%	8.13%	9.00%	5.53%

INTEGRATED DEVELOPMENT PLAN OVERVIEW



SOL PLAATJE MUNICIPALITY

Integrated Development Plan (IDP)

2015/16– 2016/17

IDP REVIEW 2015/16

MARCH 2016

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1. Introduction

IDP Review 2015/16

This is the 4th and last review of the 2012/13 – 2016/17 IDP. This review should therefore look at the implementation of the Plan thus far – at mid-year 2016/17- as well as new information, both internal and external that will have an effect on the further implementation of the IDP. The IDP will also be reviewed in terms of the relevance of its strategic objectives in line with shifts in national and provincial policies and plans as well as its own policies and plans.

This is a draft document which is tabled to Council for public consultation and to finalise the IDP Review for submission and adoption by not later than 31 May 2016.

2. Driving Forces behind the Sol Plaatje IDP Review

Sol Plaatje did not develop its IDP in isolation. A range of National and Provincial policy documents informs IDP thinking and creates an important context for its own plans and strategies.

In the spirit of the National Planning Commission's "National Development Plan - Vision 2030", stronger social partnerships between government, organised labour, organised business and the community constituency are needed to address investment, employment and poverty challenges our country faces.

Government has therefore developed a range of intervention approaches to support and guide action on growth and development. The two most important of these documents, at present, in relation to local government are:

2.1 National Development Plan (NDP) – Vision 2030

National Development Plan is about both growth and redistribution and there are many aspects to this transformation challenge:

- How we utilise land and our mineral resources,
- How we organise transport, energy and communication networks,
- How we manage cities and local government,**
- How we improve education and health services,
- How we reform our social security and welfare services,
- How we broaden ownership and enterprise development, and
- How we engage with Africa and the rest of the world.

Although municipalities can also contribute to most of the above themes it is in the areas of managing cities and local government where it plays its specific role in contributing towards the NDP

However, the National Development Plan (NDP) – Vision 2030 has been given greater emphasis as the point of departure for all spheres of Government in terms of planning and budgeting for next 20 to 30 years. The Plan includes integrated

strategies for accelerating growth, eliminating poverty and reducing inequality. The NDP further emphasises lowering the cost of living for households and reducing the cost of doing business, especially for small and emerging enterprises.

In light of the above and for SPM to contribute towards the vision of the NDP it needs to, as a priority, embark on a process to develop a Growth and Development Strategy with a long term (30 year) planning horizon.

The main objective of the GDS will be to address the following question:

“What will Sol Plaatje be able to offer a child born today in Galeshewe in 30 years’ time? Can we be sure that such a child will have access to a dignified quality of life, be equipped with the right skills and have access to quality services and employment?”

The truth is that this question cannot be answered today. SPM also cannot presume that anything will be better in the future unless it acts today!

At present the long term planning framework of the Municipality is fragmented and to a large extent incoherent which complicates development decision making and management due to its sectoral (silo) approach. A variety of plans and frameworks exist but the integration and alignment of these plans and frameworks are weak and outdated.

Through the GDS process SPM can achieve proper alignment between the different spheres’ of government’s plans and policies as well as sectoral and budget alignment. This is demonstrated in the illustration below:

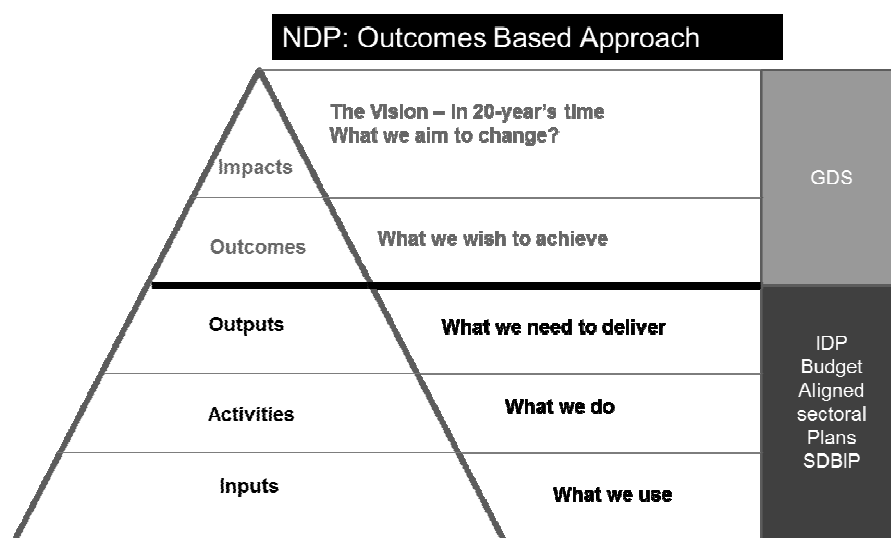
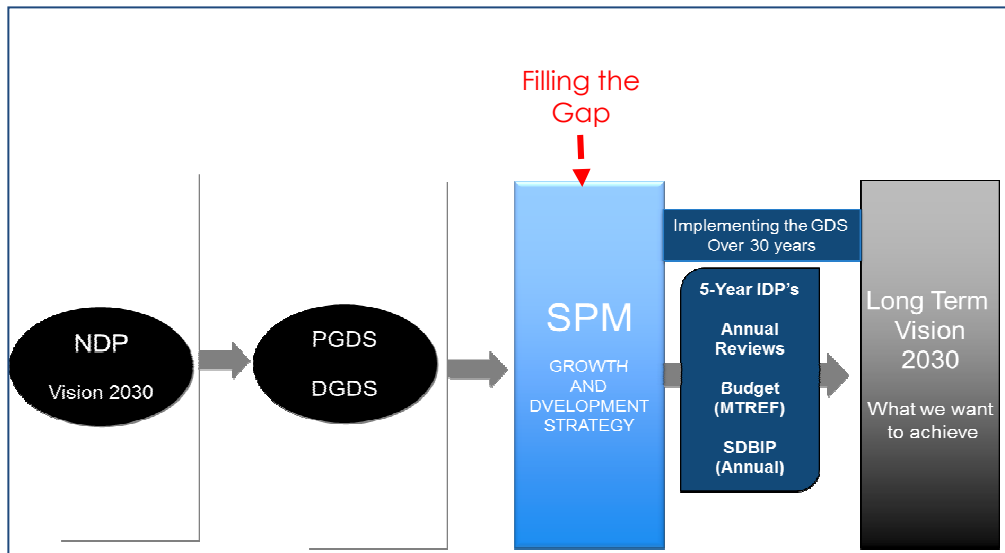


Figure 1: NDP Outcomes Based Approach

At present there exist a “gap” in the SPM’s planning hierarchy in the sense that from a long-term planning perspective on national, provincial and district level the SPM is forced to align its planning with these documents on a “medium-term” perspective instead of a long-term perspective such as the GDS. In the illustration below this “gap” is filled with the SPM GDS which will then feed into the 5-year IDP’s.

The GDS in the Planning (IDP) and Budgeting Context

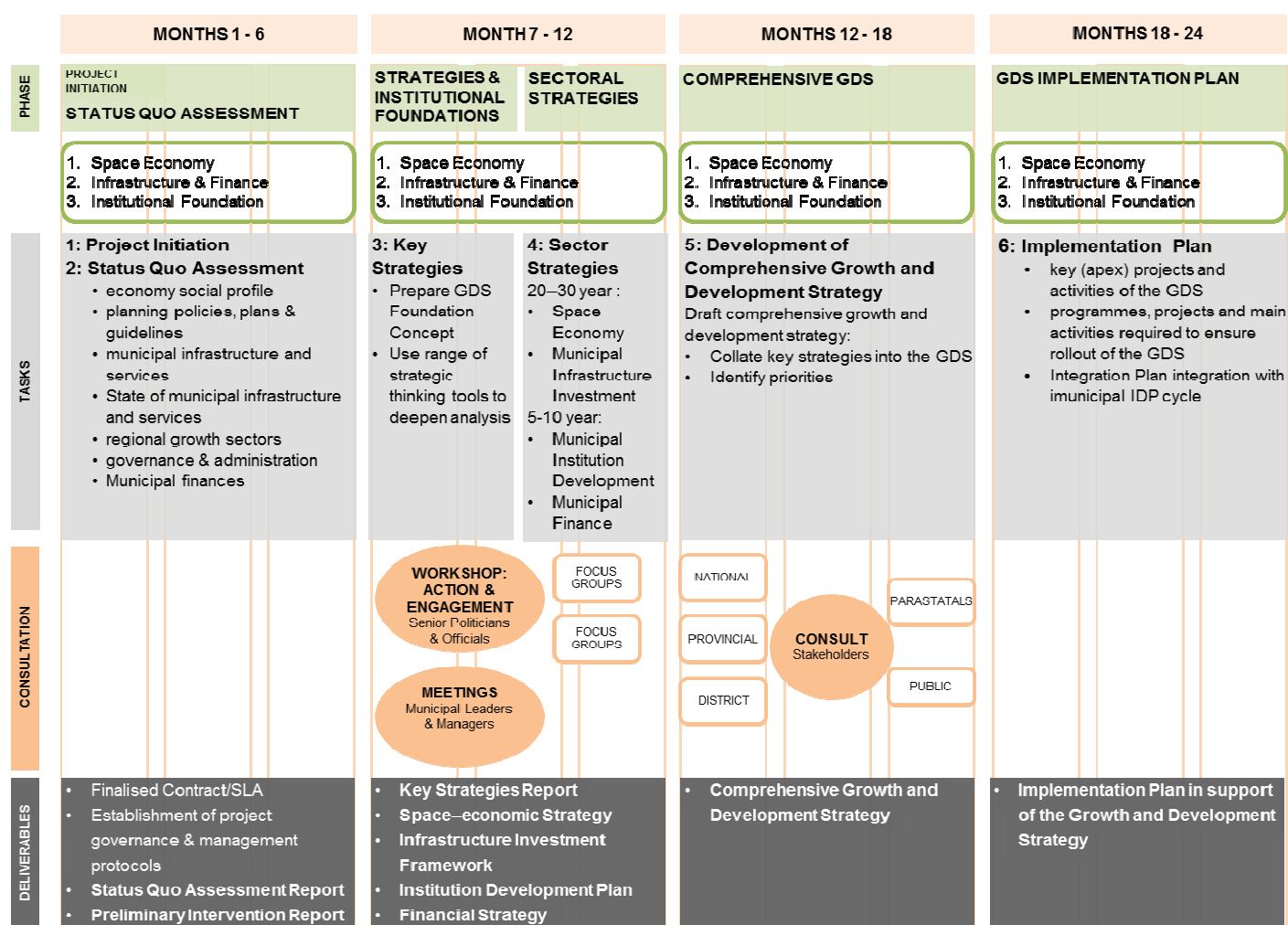
Figure 2: GDS in the Planning and Budgeting Context



The illustration above indicates how this process will unfold to ensure:

1. Proper alignment to national provincial and district long-term plans and policies.
2. Alignment and linkage between all sectoral issues such as the space-economy (SDF and LED Strategy), municipal infrastructure investment (MIIF), municipal financial management and sustainability (financial plan) and municipal institutional development (institutional plan).
3. Transformation of the current development policy framework into one that is integrated, coherent, strategic and user friendly.
4. In-depth collaboration and consultation with all relevant stakeholders to ensure a common vision and understanding of the future growth and development path of SPM.
5. An implementation framework with key apex projects and activities linked to programmes and projects and main activities – with funding alternatives - that will be integrated with the municipal 5-year IDP and Budget cycles.

Figure 3: Process in Preparing the GDS



Importantly also is to ensure, through the GDS process, the sectoral alignment as mentioned above. At present SPM has a range of sectoral plans (see table below) which at this stage is to a large extent fragmented, incoherent and outdated which complicates planning, decision making and management.

Table 1: Existing Sectoral Plans

Sector Plan	Contribution to IDP Objectives	Status
Spatial Development Framework (SDF) and aligned Land Use Management System (LUMS)	The SDF sets out the objectives for the desired spatial form of the municipal area. It also contains strategies relating to the desired pattern of land use. It also addresses spatial reconstruction and provides strategic guidance for the location and nature of future development in the Municipality. It contains a strategic assessment of the environmental impact of the SDF and identifies programs and projects for the development of land within the	<p>An SDF was adopted by Council in 2005 and a review was adopted by Council in May 2009. Linked to the review of the SDF is the preparation of a The LUMS which was published in June 2012 and became fully operational in July 2012.</p> <p>However the SDF and LUMS needs to be reviewed as it is currently not aligned to SPLUMA.</p>

Sector Plan	Contribution to IDP Objectives	Status
	<p>municipality. The SDF also sets guidelines for a land use management system.</p> <p>While the SDF deals with spatial policy issues the Land Use Management System (LUMS) gives effect to these policies and can be seen as the implementation tool of the SDF. The LUMS consist of a set of Zoning Plans which indicate the specific use allowed on the land parcel as well as a set of Scheme Regulations setting out the detail development prescripts for each parcel of land.</p>	
LED Strategy	<p>The LED Strategy was prepared to investigate the options and opportunities available to broaden the local economic base of Sol Plaatje in order to address the creation of employment opportunities and the resultant positive spin-off effects throughout the local economy. Poverty and lack of economic development are two indicators of the sub-optimal functioning and operation of a development system, creating a poverty trap with a range of developmental and social problems.</p> <p>The creation of an economic base through the LED Strategy is deemed critical, since the local economy of Sol Plaatje is largely dependent on a select few sectors such as community services, mining and retail for the generation of production and employment opportunities. The local economy is very vulnerable with respect to any shock (contraction or change) within these sectors, which could have a devastating effect on local communities in terms of job losses. This phenomenon is already evident within the Mining Sector as many mineworkers in the study area and the Province as a whole, have over the last few years, experienced retrenchments and job losses.</p> <p>It should be noted that strategy formulation is regarded as a process and this process can be applied to initiate economic development and inform the establishment of economic development partnerships between the</p>	A LED Strategy was adopted by Council in 2009 and is due for a review.

Sector Plan	Contribution to IDP Objectives	Status
	local municipality, the community as well as the private sector. The strategy should not be regarded as an end in itself, but rather as a dynamic and pro-active tool to be used by the municipality to promote regeneration and economic development.	
Integrated Transport Plan (ITP)		Council adopted its ITP in October 2006. This plan is now due for review especially in relation to the "Space-economic Strategy".
Water Services Development Plan (WSDP)	<p>The Water Services Act, 1997 (Act 108 of 1997) requires municipalities which have been authorized to render the water services provision function (Water Services Authorities) to:</p> <ol style="list-style-type: none"> 1. draft a Water Services Development Plan as part of their IDP process 2. elicit comments on draft WSDP 3. consider and report consideration of comments 4. finalize and adopt the WSDP 5. supply copies to DWS, CoGTA & neighbouring WSA's 6. incorporate the WSDP into the IDP 7. report on the implementation of the WSDP every year 	SPM in the process to prepare a WSDP in accordance with the new Guideline framework of DWA. Dwa is also in the process to review IDP assessment framework in consultation with CoGTA to align with WSDP Guide Framework
Disaster Management Plan (DMP)	<p>The Disaster Management Act (No 57 of 2002) emphasis four main objectives, to be executed by all municipalities, namely;</p> <ul style="list-style-type: none"> o The compilation of a Disaster Management Framework (DMF). o The execution of comprehensive disaster hazard, vulnerability and risk assessment. o The compilation of disaster management plans. o Establishment of a Disaster Management Centre. <p>These four objectives aim to help formulate and implement appropriate disaster risk reduction strategies</p> <p>The Disaster Management Plan guides all role players on how to proactively manage disasters, respond to disasters and recover from disasters.</p>	The Disaster Management Plan was adopted by Council in August 2008. This plan is due for revision.
Integrated Waste Management Plan (IWMP)	The overall aim of the IWMP is to set out the direction required for the effective management of waste within SPM that will result in activities that will not only align those activities with the legislative compliance required but will have a	An Integrated Waste Management Plan has been adopted by Council in October 2011 and programmes/projects emanating from this plan have been included in the 5-year Action Plan of this IDP.

Sector Plan	Contribution to IDP Objectives	Status
	<p>positive effect on the health and wellbeing of communities and the environment.</p> <p>The IWMP addresses the following focus areas:</p> <ul style="list-style-type: none"> o Review the current routes of collection and implement a cost effective and sustainable system of collection in all areas within SPM. o Ensuring a positive impact on the health of communities. o Limiting the impact on the environment. o Compliance with relevant legislation. o Encouraging community participation through mobilization, education and awareness programmes. o Proper management of the refuse disposal site so as to ensure legislative compliance and limited impact on the health of communities and the environment. o Proper and effective monitoring and control of all processes. o Facilitation of effective waste minimization projects through recycling, avoidance, reduction and proper disposal with the focus on entrepreneurship development. o Implementation of resources required and the effective management thereof. o Prevention of air, water and soil pollution. o Effective law enforcement. o Eradicate illegal dumping and littering on municipal, public and private property. 	
<p>Integrated Environmental Management Plan (IEMP)</p>	<p>The IEMP presents an IDP sector plan, which strives to achieve the following:</p> <ul style="list-style-type: none"> o To ensure that municipal development strategies and projects take cognisance of: <ul style="list-style-type: none"> • Existing environmental problems and threats; and • Environmental assets; o To ensure that the Chapter 1 principles of the National Environmental Management Act (Act No. 107 of 1998) are applied when: 	<p>The Environmental Status Quo document (IEMP Volume 1), has been completed in Jan 2012 and takes stock of the environmental profile of SPLM in terms of the current state of the Municipality's environmental features and their associated issues.</p> <p>Volume 2 of the IEMP provides the strategic framework and interventions for addressing prioritised environmental issues and</p>

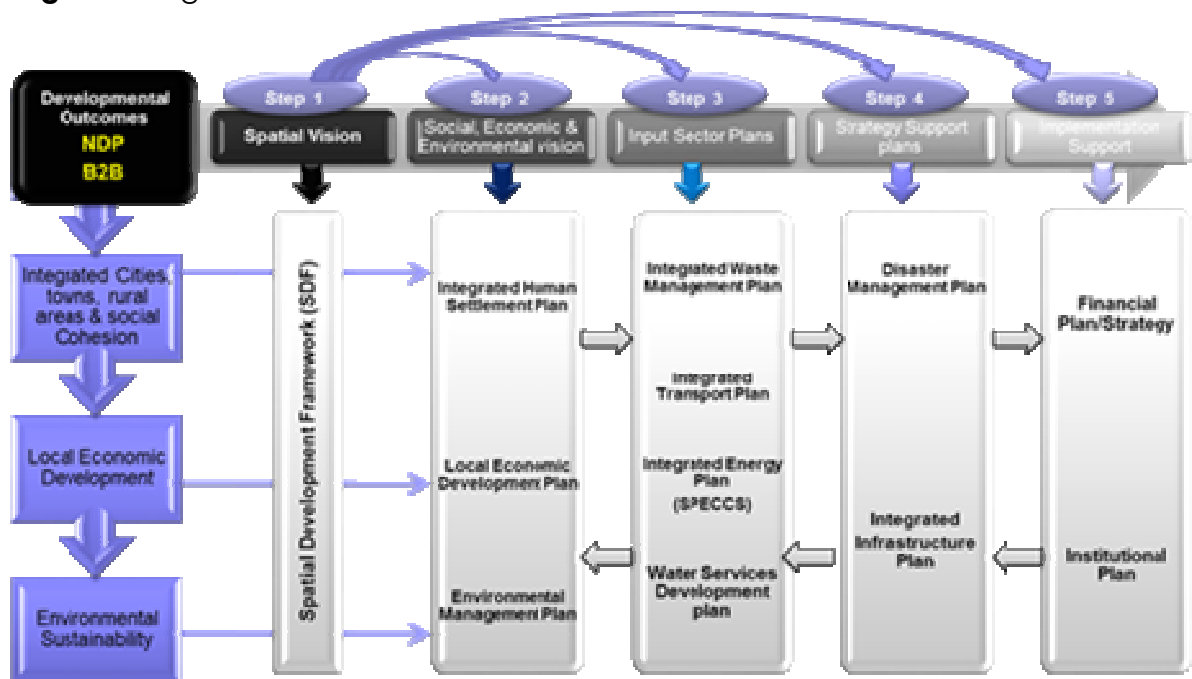
Sector Plan	Contribution to IDP Objectives	Status
	<ul style="list-style-type: none"> • Strategies are designed; and • Projects planned; ○ To ensure a healthy environment by ensuring that: • Urgent environmental issues are addressed; and • Envisaged projects have no negative impacts on the natural environment. 	<p>harnessing the potential of natural assets. Volume 2 has been completed in Mar 2012 and the IEMP is in its approval phase.</p>
Municipal Infrastructure Investment Framework (MIIF)	<p>The Municipal Infrastructure Investment Framework should address the following critical issues:</p> <ul style="list-style-type: none"> ○ Bulk Infrastructure requirements (electricity, water, sanitation, waste disposal and transport network) ○ Infrastructure network (reticulation) requirements (electricity, water, sanitation, roads, waste management – telecom and IT) ○ Replace and refurbish existing and ageing Infrastructure (electricity, water, sanitation, solid waste disposal and the transport network. Upgrade and extent the existing IT and telecom infrastructure network ○ Provide sufficiently for infrastructure operations and maintenance requirements (electricity, water, sanitation, solid waste disposal, roads, stormwater and the IT and telecom networks) 	<p>Due to the seriousness of the bulk infrastructure backlogs the Municipality commissioned a feasibility study to quantify the actual infrastructure backlog and to come up with a funding model. The feasibility study focused on critical infrastructure delivery such as water, sanitation and electricity capacity. This feasibility study was accepted by Council in 2010 and will inform the MIIF.</p>
Financial Plan	<p>The Financial Plan should define sound financial management and expenditure control as well as means of increasing revenues and external funding for the Municipality to achieve its development priorities and objectives. It will further address:</p> <ul style="list-style-type: none"> ○ Revenue raising strategies ○ Asset management strategies ○ Financial management strategies ○ Capital financing strategies ○ Strategies that will enhance cost-effectiveness ○ Operational financing strategies 	<p>According to the Municipal Systems Act a Financial Plan should be a core component of the IDP. This plan is in the process of being finalised and will inform this IDP's 5-year Action Plan.</p>
Institutional Plan	<p>The SPM's Institutional Plan will address:</p> <ul style="list-style-type: none"> ○ A revised HR Policies and Procedures Handbook were prepared. ○ A reconciliation of the April, May 	<p>As part of its Turnaround Strategy and OPCAR the Sol Plaatje Municipality has identified Institutional Building as a key focus area in line with the National Local Government Turnaround Strategy</p>

Sector Plan	Contribution to IDP Objectives	Status
	<p>and June 2010 payroll with the organisation establishment was conducted</p> <ul style="list-style-type: none"> o An assessment of changes required to Macro and Micro Organisational Structure was completed and proposals on the "to be" Organisational Structure were drafted o A draft Human Resource Strategy Report was prepared. <p>Linked to the above process an assessment was also done on the strengths and weaknesses of the current Sol Plaatje Municipal Political Governance Model and it was revised in line with relevant legislation.</p>	<p>and Outcomes Based. An institutional overview indicated the critical interventions that were required in this area and has been included in a draft plan which is in its approval phase.</p> <p>A revised Political Governance Model was adopted and implemented during 2011.</p>
Integrated Human Settlement Plan	<p>The aim of the IHSP is to identify the location and nature of specific housing projects in the greater SPM area, the combined effect of which is to meet the net housing need in the area, insofar as possible within the strategic framework of the SPM IDP, taking into account the realities of development on the ground.</p> <p>The IHSP should be read with the IDP which remains the principal strategic planning instrument which guides and informs all planning and development and all decisions with regard to planning, management and development in the municipality.</p>	<p>An IHSP has been adopted by Council in October 2011 and programmes/projects emanating from this plan have been included in the 5-year Action Plan of this IDP.</p>
Ward Based Plans	<p>Practical implementation plans should be prepared for each ward to include the following – in order to create sustainable livelihoods:</p> <ul style="list-style-type: none"> o One needs to develop a "pro-forma" for these plans – they need to address the same things, follow the same process and look the same. o The plan needs to provide some community perspective/background, a statement of needs and then a plan. o The plan needs to address 1-year, 3-year and 5-year needs. o All service and functional areas need to be addressed. o A useful planning and monitoring 	

Sector Plan	Contribution to IDP Objectives	Status
	<p>tool to use is a matrix. The matrix effectively links plan, budget, responsibility and performance in one document/page.</p> <ul style="list-style-type: none"> The plan should also be highly illustrative. 	

Through the development of a Growth and Development Strategy SPM will also be in a position to transform the current policy framework (including the sector plans) into one that is integrated, coherent, strategic and user-friendly. A strategic user friendly document can be produced through the GDS process that integrates and references all municipal plans, strategies and programmes related to the SPM's long term integrated space-economic vision and goals. This will result in the "logic of sector plans". This is illustrated in the diagramme below – which follows a logic sequence.

Figure 1: Logic of Sectoral Plans



From the illustration above SPM should:

- In the first instance look at how it can, on a local level, contribute towards the national development outcomes in creating integrated cities that include social cohesion.
- Secondly, how it can ensure an enabling environment for local economic development, and
- Thirdly, how it can contribute towards environmental sustainability.

The three above mentioned national strategic objectives (which also aligns to the principles of sustainable development) can be achieved by utilising the "logic of

sector plans", in the absence of a Growth and Development Strategy, as illustrated above:

Step 1: The Spatial Vision

Everything happens in space. The above objectives therefore need to be spatially organised. It is therefore important that the SPM has a Spatial Development Framework in place that will ensure an integrated and optimal spatial development of the City and its surrounding areas.

The NDP, for instance, stresses the importance of a strong and efficient spatial planning system, well integrated across the spheres of government. In this endeavour it promotes the following actions:

- Reforms to the current planning system for improved co-ordination (SPLUMA is one example).
- Develop a strategy for densification of cities and resource allocation to promote better located housing and settlements.
- Substantial investment to ensure safe, reliable and affordable public transport.
- Introduce spatial development framework and norms, including improving the balance between location of jobs and people.
- Conduct a comprehensive review of the grant and subsidy regime for housing with a view to ensure diversity in product and finance options that would allow for more household choice and greater spatial mix and flexibility. This should include a focused strategy on the housing gap market, involving banks, subsidies and employer housing schemes.
- National spatial restricting fund, integrating currently defused funding.
- Establish a national observatory for spatial data and analysis.
- Provide incentives for citizen activity for local planning and development of spatial compacts.
- Introduce mechanisms that would make land markets work more effectively for the poor and support rural and urban livelihoods.

SPM has a SDF in place that should be reviewed to establish whether it still addresses the challenges as envisaged to create an integrated City that include social cohesion in terms of its space-economic development .

Step 2: Social, Economic and Environmental Vision

This step elaborate on the detail within the Spatial Vision namely to articulate the social -, economic -, and environmental vision through the following strategic plans, namely:

- An Integrated Human Settlement Plan
- A Local Economic Development Plan
- An Environmental Management Plan

These plans need to articulate in detail how SPM will transform its human settlements as envisaged by both the NDP and B2B in order for it to be socially and economically integrated and environmentally sustainable within the Spatial Vision.

These plans are especially important as it is the strategic priorities that should inform the Municipalities actions and allocation of resources. The B2B especially emphasises the output and impact of these plans.

Although SPM has prepared all three these plans – they were developed in isolation and therefore are fragmented and incoherent and complicates planning, decision

making and management. It also do not contribute meaningful towards the goals and objectives of the NDP and B2B.

Step 3: Input Sector Plans

This step refers to the input that is necessary to realise the strategic plans mentioned in Step 2. It is the actual action plans that deal with the infrastructure and services such as:

- Integrated Waste Management Plan
- Integrated Transport Plan
- Integrated Energy Plan
- Integrated Water Services Development Plan

The important aspect of these plans are that they should include specific projects with time frames and budgets (including funding sources)

Step 4: Strategy Support Plans

The strategy support plans is complementary to the input plans and deal specifically with disaster management and a Municipal Infrastructure Investment Framework (MIIF).

Step 5: Financial Strategy/Plan and Institutional Plan

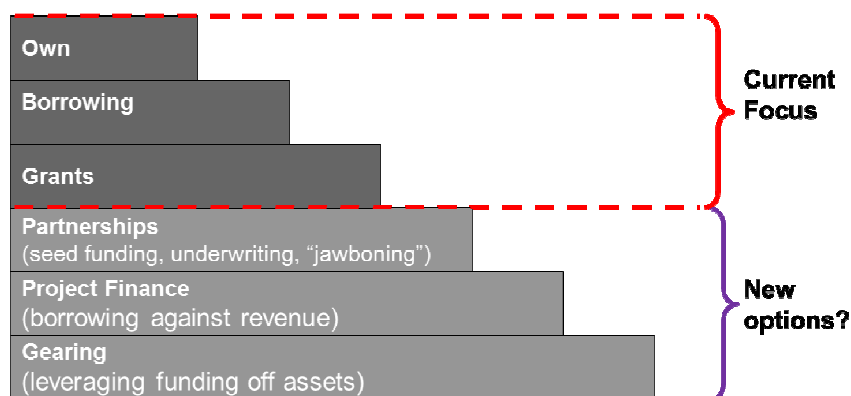
The last step in the sequence of the “logical sector plans” is the resources needed to implement these plans. At this stage the Municipality is aware of what it needs to implement to achieve its goals and objectives and therefore need to allocate the necessary resources, which will include:

- The Financial Strategy/Plan
- The Institutional Plan (Human Resources)

By following the above process SPM will ensure that it structurally addresses all the issues related to what is envisaged in the NDP and B2B.

As part of the implementation framework of the GDS SPM also needs to explore new funding alternatives apart from the traditional sources of funding, as illustrated below in order to achieve its development goals.

Figure 5: Alternative Funding Methodologies



The GDS process should commence in time to inform the next 5-year IDP which is due for the 2017/18 -2021/11 cycle.

2.2 The Back to Basics Programme

The National Development Plan makes it clear that meeting the development and transformation agenda requires functional municipalities and a capable machinery at a local level that can create safe and healthy and economically sustainable areas where citizens and people can work, live and socialise.

The goal of the B2B Programme is to improve the functioning of municipalities to better serve communities by getting the basics right.

Municipalities must therefore:

- Develop fundable consolidated infrastructure plans.
- Ensure infrastructure maintenance and repairs to reduce losses with respect to
 - Water and sanitation.
 - Human Settlements.
 - Electricity.
 - Waste Management.
 - Roads.
 - Public Transportation.
- Ensure the provision of Free Basic Services and the maintenance of Indigent register.

Good governance

Good governance is at the heart of the effective functioning of municipalities. Municipalities will be constantly monitored and evaluated on their ability to carry out the following basics:

- The holding of Council meetings as legislated.
- The functionality of oversight structures, S79 committees, audit committees and District IGR Forums.
- Whether or not there has been progress following interventions over the last 3 – 5 years.
- The existence and efficiency of anti-corruption measures.
- The extent to which there is compliance with legislation and the enforcement of by-laws.
- The rate of service delivery protests and approaches to address them.

Public participation

Measures will be taken to ensure that municipalities engage with their communities.

Municipalities must develop affordable and efficient communication systems to communicate regularly with communities and disseminate urgent information. The basic measures to be monitored include:

- o The existence of the required number of functional Ward committees.
- o The number of effective public participation programmes conducted by Councils.
- o The regularity of community satisfaction surveys carried out.

Financial management

Sound financial management is integral to the success of local government.

Performance against the following basic indicators will be constantly assessed:

- o The number of disclaimers in the last three to five years.
- o Whether the budgets are realistic and based on cash available.
- o The percentage revenue collected.
- o The extent to which debt is serviced.
- o The efficiency and functionality of supply chain management.

Institutional capacity

There has to be a focus on building strong municipal administrative systems and processes. It includes ensuring that administrative positions are filled with competent and committed people whose performance is closely monitored. Targeted and measurable training and capacity building will be provided for councillors and municipal officials so that they are able to deal with the challenges of local governance as well as ensuring that scarce skills are addressed through bursary and training programmes. The basic requirements to be monitored include:

- o Ensuring that the top six posts (Municipal Manager, Finance, Infrastructure Corporate Services, Community development and Development Planning) are filled by competent and qualified persons.
- o That the municipal organograms are realistic, underpinned by a service delivery model and affordable.
- o That there are implementable human resources development and management programmes.
- o There are sustained platforms to engage organised labour to minimise disputes and disruptions.
- o Importance of establishing resilient systems such as billing.

The Municipality is attending to most of the above issues – albeit in an ad-hoc manner. These activities and actions should be done in a more integrated manner. It is therefore important that these issues should be incorporated in the IDP Objectives. SPM is reporting on the B2B programme via provincial COGHSTA and therefore these issues should also form part of the SDBIP's KPI's and targets – this will result in attending to these issues continuously and in a more integrated manner – rather than only attending to these issues on a quarterly basis when reports are due.

Linked to the above is the Local Government Management Improvement Model. The LGMIM assesses compliance and quality of management practices of municipalities. It serves two important purposes, namely, learning or improvement, and accountability. It also provides a holistic or integrated picture of the state of management practices within municipalities. Municipalities can then be benchmarked against each other and best practices can be exchanged in order to enhance local government in general.

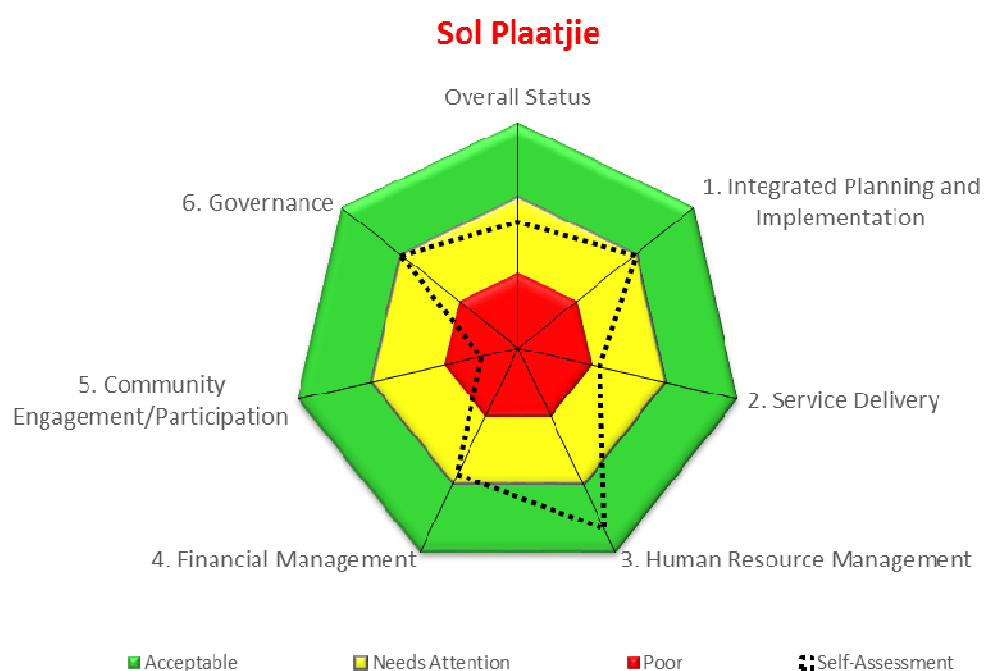
The LGMIM does not include an assessment of actual deliverables against planned deliverables and it does not assess the performance of individual officials. It is therefore not a performance management system but measures the Municipality's compliance and management practices within the following key performance areas:

- Integrated Planning and Implementation
- Service delivery
- Human Resource Management
- Financial Management
- Community Engagement
- Governance

The LGMIM also does not duplicate existing legal, regulatory and prescribed best practices. It draws these together into a single coherent framework. These issues should therefore also be integrated into the IDP Objectives and the SDBIP KPI's and Targets.

The figure below indicates the Sol Plaatje Municipality's self-assessment in terms of the above as at 20 November 2015.

Figure 6: Municipal LGMIM Status



According to the above figure the areas where special attention should be given in terms of compliance and management practices are within the Service Delivery and Community Engagement/Participation KPA's.

3. Municipal Profile

Below is some specific statistics relating to demographic and socio-economic trends in the Sol Plaatje Municipality. This information comes from STASSA 2011 Census, IHS Global's analysis prepared for Sol Plaatje in 2013. At the end of this section some conclusions and contextual issues are mentioned related to this information.

3.1 Person Statistics

Chart 1: Population

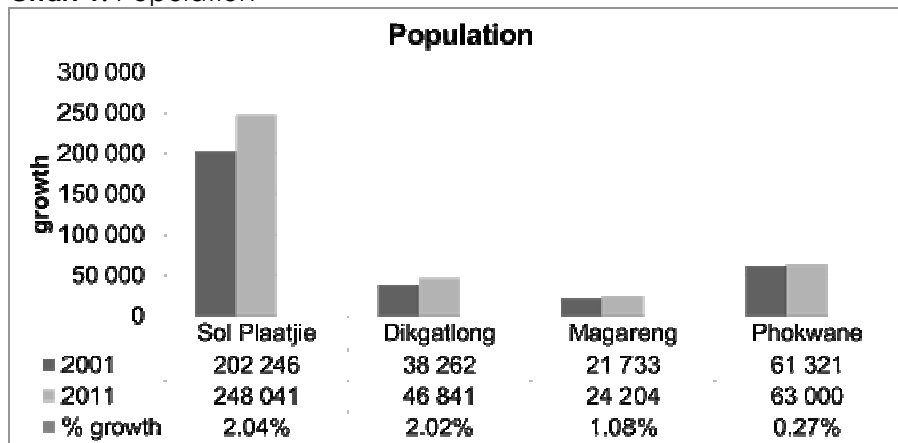


Table 2: Labour Market and Education Statistics 2011 compared to 2001

Labour market				Education (aged 20 +)					
Unemployment Rate (official)		Youth Unemployment Rate (official) 15-34 years		No Schooling		Matric		Higher Education	
2001	2011	2001	2011	2001	2011	2001	2011	2001	2011
41,3%	31,9%	51,5%	41,7%	11,3%	7,1%	21,9%	29,2%	8,7%	10,4%

Chart 2: Employment per Sector in the Sol Plaatje Local Municipality, 2010

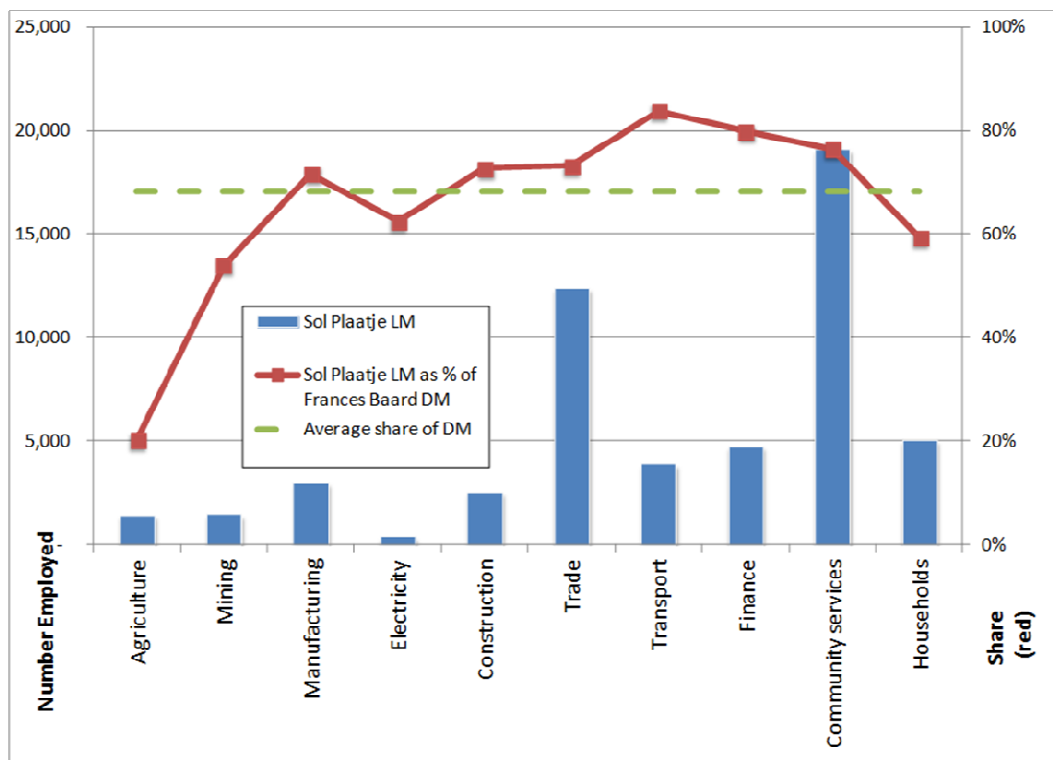


Chart 3: Number of Unemployed and the Unemployment Rate in Sol Plaatje Local Municipality, 2004-2010 [Official Definition, Number in Thousands]

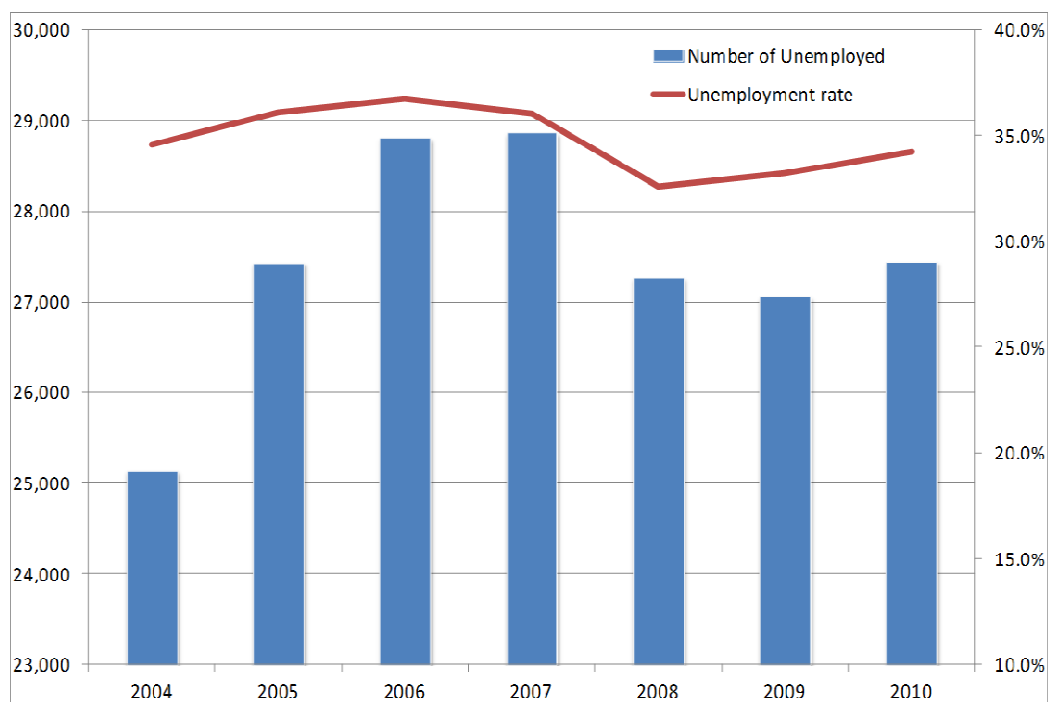
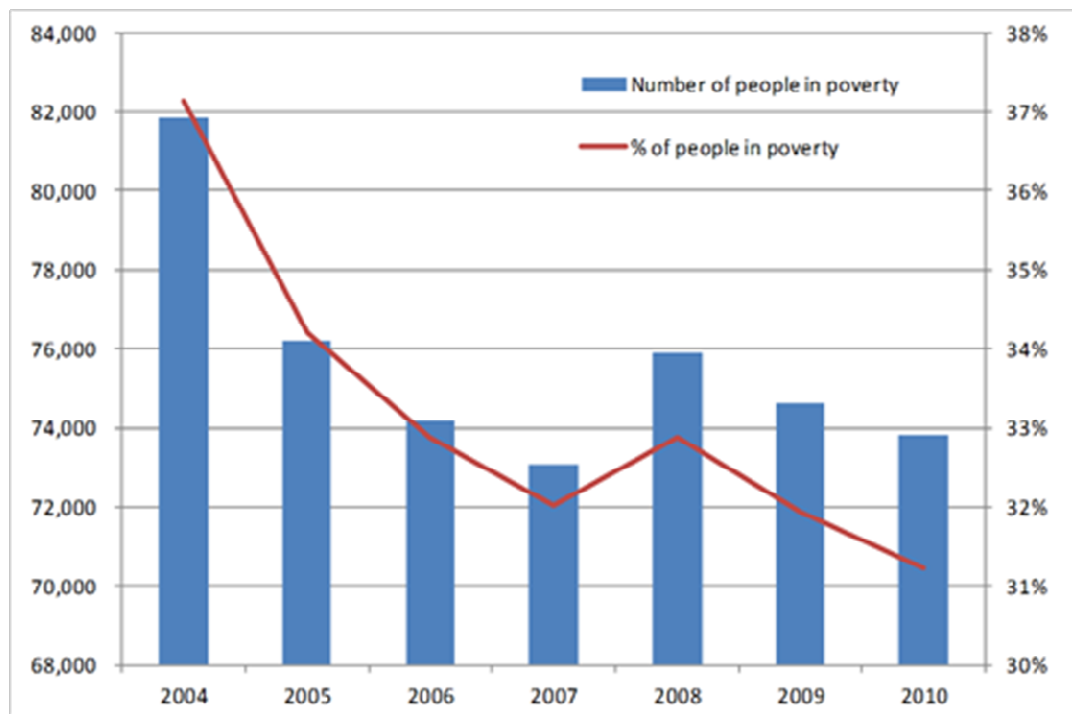
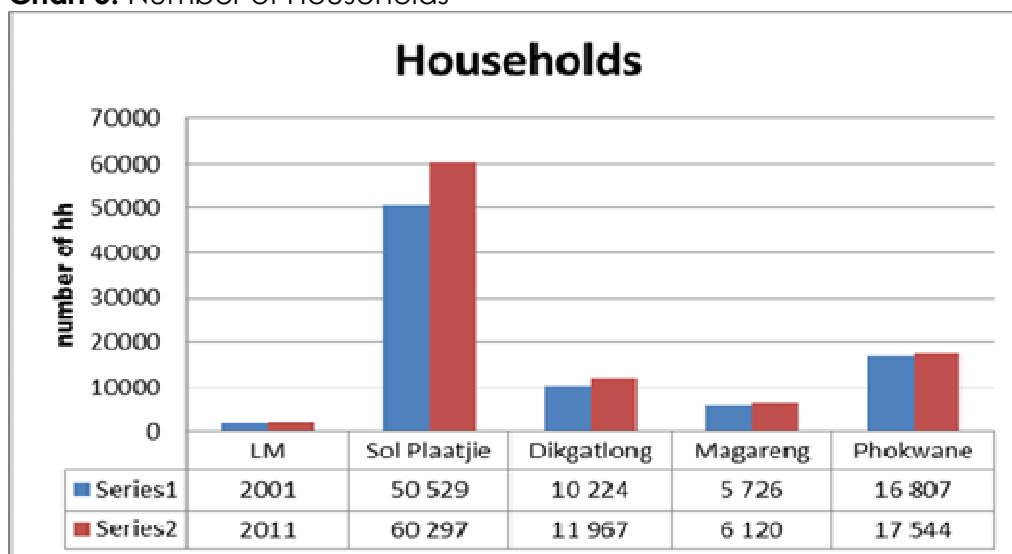


Chart 4: Number of People Living in Poverty, 2004-2010



3.2 Household Statistics

Chart 5: Number of Households



During the 2011 Census 7,846 households lived in informal settlements but increased to 13,361 by end of 2013 according to a Survey done as part of the National Urban Support Programme (NUSP)

Table 3: No of Households living in Informal Areas (NUSP Survey 2013)

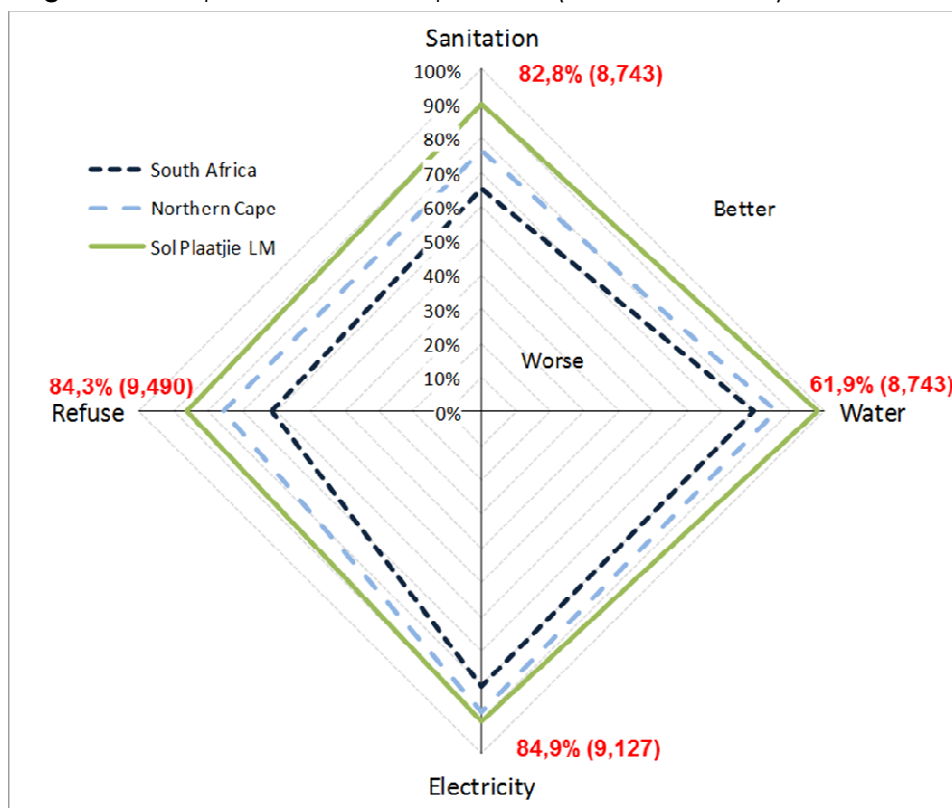
Description	No of Areas	H/H
Planning not commenced	9	5 172
Planning in process	11	2 167
Planning completed - await registration	5	1 526
Install services	2	996
Housing	1	3 500
TOTAL AURECON SURVEY 2013	28	13 361
TOTAL BACKLOG 2011 CENSUS		7 846
GROWTH 2011-2013		5 516

Table 4: Number of Households Receiving full Services

Level of Service	2001 No	2001 %	2011 No	2011 %
Piped water inside dwelling	25,870	51,2	37,324	61,9
Flush toilet connected to sewer	42,141	83,4	49,926	82,8
Electricity for lighting	41,636	82,4	51,192	84,9
Weekly refuse removal	45,880	90,8	50,830	84,3

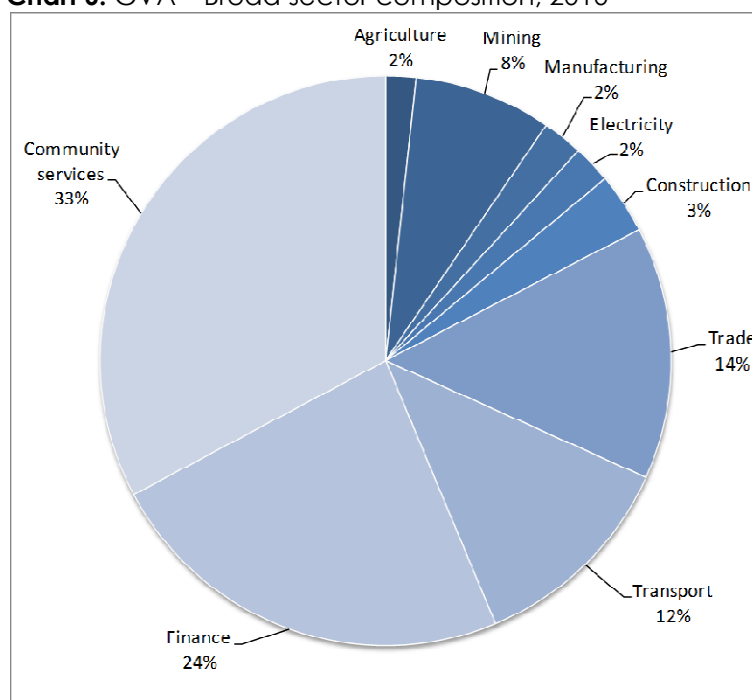
..... in comparison with Province and South Africa

Figure 7: Comparison in Service provision (SPM, NC and SA)



3.3 Economic Statistics

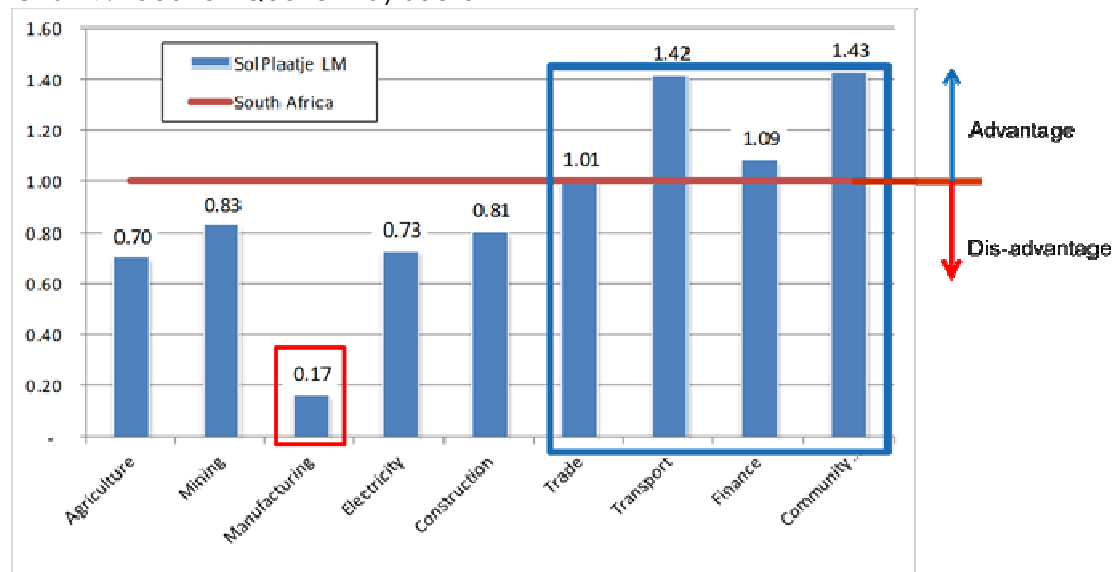
Chart 6: GVA – Broad sector composition, 2010



The **tertiary** sectors employ relatively little un-skilled labour compared to the **primary and secondary** sectors.

Therefore growth in these sectors normally does have a great impact on unemployment as the majority of the unemployed are not highly skilled.

Chart 7: Location Quotient by Sector



Compared to the national economy, Sol Plaatje Local Municipality has a comparative advantage when it comes to community services and almost the same advantage on the transport industry. Even a slight advantage is noted in terms of financial services. When it comes to especially manufacturing, Sol Plaatje Local Municipality has a significant comparative disadvantage relative to the country as a whole. In terms of Trade, the quotient for Sol Plaatje Local Municipality is relatively similar to that of South Africa as a whole. **In general Sol Plaatje Local Municipality has a very concentrated (narrow) economy.**

SPM economic growth forecast in 2010 for 2015 – 4,4%!

Forecasts and Actual Growth (MPC – Sep 2015)

2013 - 1,9% (Actual)

2014 – Forecast 2,8% (Actual 1,5%)

2015 – Forecast 3,3% (Adjusted 2,8%) – Actual at present 1,5%

2016 - Forecast 3% – (Adjusted 1,6%)

2017 – Forecast 2,1%

Some of the reasons that the MPC gives for the slow-down in economic growth:

- Global economic slowdown, especially China
- Goods-producing sectors of the SA economy declined
- Contractions in agriculture, mining and manufacturing
- Growth in the services sectors also moderated
- Sharp decline in the RMB/BER Business Confidence Index to its lowest level since 2011
- Little private sector investment – the only private sector investment increases were into energy-generation projects

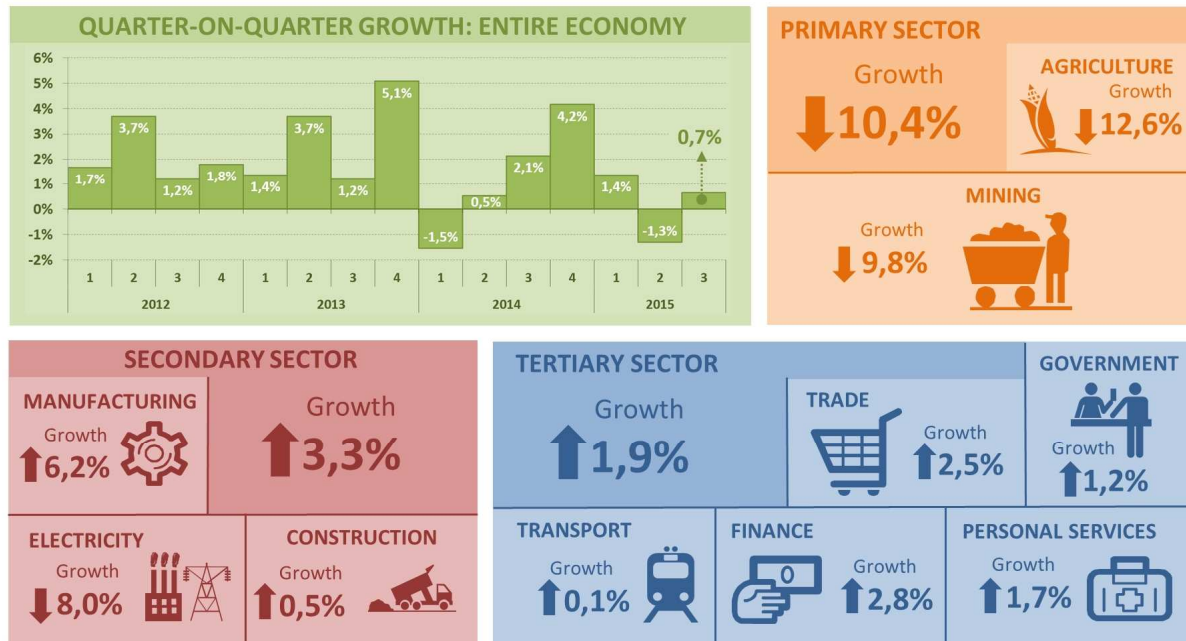
Consumers are expected to remain constrained against the backdrop of:

- slow employment growth
- declining disposable income growth

- o rising inflation, and
- o tighter affordability criteria for household credit following the implementation of amendments to the National Credit Regulations.

Growth in consumption expenditure by households is only 1,2%

How did South Africa's economy perform in the 3rd quarter of 2015?*



* Compared with the 2nd quarter 2015 Source: Gross domestic product (P0441), 3rd quarter 2015 <http://www.statssa.gov.za>

SOME CONCLUSIONS AND CONTEXTUAL ISSUES RELATED TO THE DEMOGRAPHIC AND SOCIO-ECONOMIC INFORMATION AS INDICATED ABOVE THAT NEED TO BE CONSIDERED IN REVIEWING THE IDP AND PREPARING THE BUDGET FOR THE 2016/17 MTREF

The SPM's population growth is 2,04% (between 2001 and 2010). A large proportion of this growth is in the lower income and indigent component of the population (evidence of this is the growth in informal settlements as found by the NUSP survey for instance). The unemployment rate is 31,9% (youth unemployment 41,7%). Only 10% of SPM's population has a higher education than matric. More than half (55%) of SPM's population also has an income of R3,000 or less per month. All this indicate that economic growth and job creation must (in line with the NDP) be a high priority in SPM as well.

Realising economic growth in its area and creating sustainable jobs is, however, a huge challenge for SPM as it is in itself not a "big" role-player in this process.

This challenge becomes even greater considering the fact that the primary and secondary sectors is the actual job creating sectors within the economy - especially in an area, such as SPM, where the skills levels are low (refer to level of education

above). Unfortunately the primary sectors form a very small portion of the SPM's economy – only 12%. The tertiary sector on the other hand forms 69% of the local economy and these are also the sectors where SPM has a comparative advantage as indicated by the Location Quotient per Sector above.

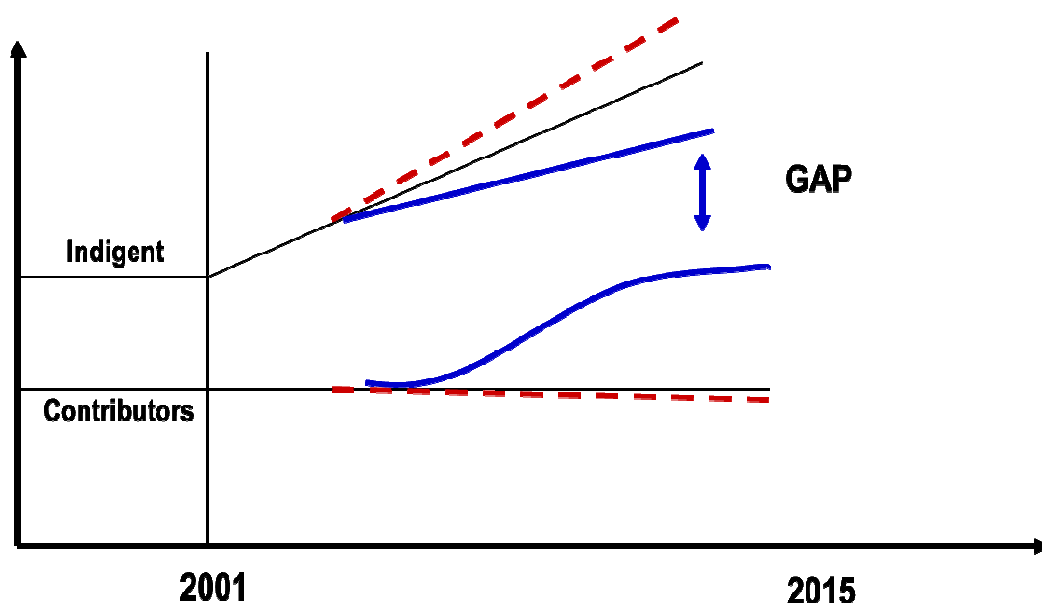
The state of the economy (in SA at present) should also be considered. The economy only grew by 0.7% in the 3rd quarter of 2015 and the MPC has also adjusted its forecast for 2016 from 3% to 1,6% (Statement of the Monetary Policy Committee – 23 September 2015). It is also assumed that the SPM's growth rate is similar to that of the national economy as the last forecast was done in 2010 at a rate of 4,4% growth for SPM in 2015 (IHS Global Insight). Assuming this, then the economic growth rate (1,6%) is below the population rate of 2,04%.

However, what needs to be determined is what is ACTUALLY happening in SPM's economy. There are notable development and growth in Kimberley (refer to the new hospitals, hotels etc being developed as well as the growth in the residential sector - middle to high income).

From the above the following contextual issues can be derived;

The figure below indicates the widening gap between the indigent portion of the population and the 'contributors' to the economy (red dotted line) – due to the indigent portion growing faster than the "contributor" portion. This relates directly to the high unemployment rate, declining economy as well as people migrating to Kimberley from rural and smaller towns where there are less economic and social opportunities than Kimberley.

Figure 8: The "Subsidy-Gap"



This gap must be narrowed as it is an acceptable principle that the "contributors" should subsidise the indigent portion of the population in terms of funding the

provision urban services and facilities being provided by the Municipality. However, this gap could reach a point where it will be un-affordable for the “contributors” which could see a collapse of a well-functioning urban area – this is further exacerbated by the fact that Kimberly has very little industries to assist with subsidising the poor.

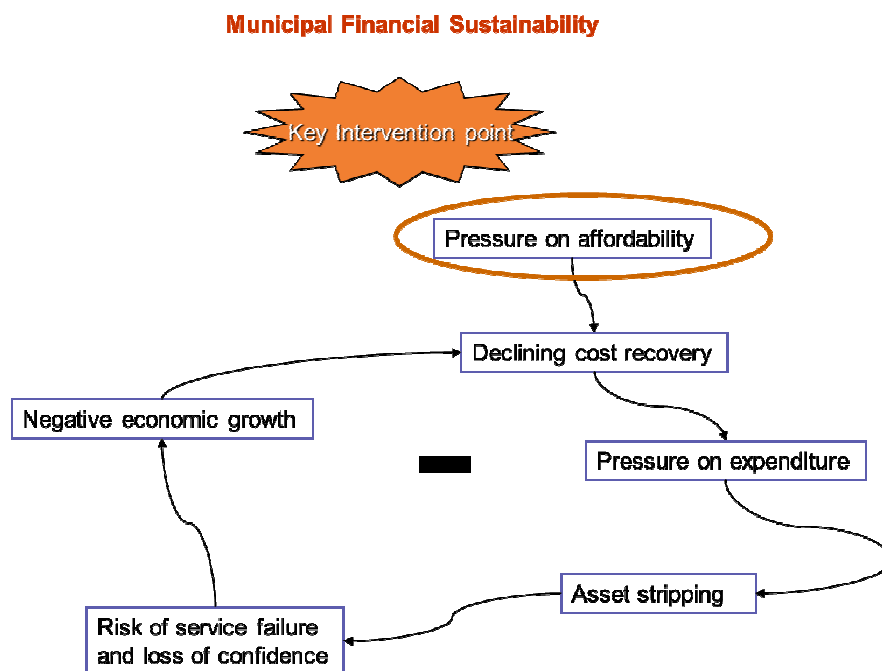
The recent Statement from the MPC (Sep 2015) also indicated that all consumers are expected to remain constrained against the backdrop of slow employment growth, declining disposable income growth due to rising inflation and interest rates.

In order to narrow this gap (blue lines) a two pronged approach is necessary, namely:

1. A job creation strategy for the indigent population in order for them to also contribute towards the creation and maintenance of the urban services and facilities, and
2. Create an enabling environment for private sector investment in order for this segment of the population to grow which will contribute towards sustainable economic growth.

It is of utmost importance to address the above issues as it also negatively influences the financial sustainability of the municipality who is tasked to ensure a livable City by providing and maintaining the necessary municipal services and facilities. This is illustrated by the figure below.

Figure 9: Municipal Financial Sustainability



Issues to be addressed to ensure the financial sustainability of the SPM include, but are not restricted to:

- Economic growth and job creation
- Affordable Municipal Rates
- Increase revenue collection
- Reduce billing lag after development has been completed.
- Differentiated service levels according to affordability
- Core vs Non-core functions – concentrate on core functions (B2B)
- Optimum cost-efficient service delivery
- Reliable and increased infrastructure capacity for growth and development, especially related to connector and reticulation networks – specifically Electricity
- Reduce “Red Tape” for investors who wishes to invest in development in Kimberley

4. Reviewing the Strategic Development Agenda

4.1 Sol Plaatje's Vision

The existing strategic development agenda of SPM is aimed at giving effect to the vision of the Municipality, namely

SOL PLAATJE, A DYNAMIC AND CARING MUNICIPALITY THAT PROVIDES A COMPREHENSIVE RANGE OF AFFORDABLE SERVICES TO ALL ITS RESIDENTS

This vision is in line with the Back to Basics programme (B2B) which states that the people should be put first and that municipalities should concentrate their efforts in providing basic services such as water and sanitation, human settlements, electricity, waste management, roads and public transportation in order to create decent living conditions.

In order to achieve this vision it will be important for SPM to ensure growth in the local economy in order to be sustainable. The SPM also needs to improve on the efficiency of its service delivery, the sustainability of its finances and the effectiveness of its administration. This translates into two high level strategic objectives that also encompass all national government priorities, namely:

- **A better standard of living for all** - which requires a growing economy depending on a municipal strategy driving urban efficiencies; and
- **A better quality of life for all** - which requires a caring municipality concerned at providing universal access to basic municipal services at affordable levels while becoming a place where business would want to locate.

4.2 The Strategic IDP Objectives

The present overarching strategy for development of the Sol Plaatje Municipality proposes looking at the IDP through the lens of the geographical “space-economy”.

The “space-economy” means the geographic distribution of settlements (large and small), the activities within them (residential, commercial, institutional, recreational, and so on) and the relationship of these settlements and activities to the infrastructure that connects and supports them and links in turn to surrounding agriculture and nature areas.

People live their lives in geographic space; how activities and infrastructure are organised in space fundamentally impacts on people's access to economic and social opportunities.

For example, locating housing for the poor far away from work opportunities, impacts on disposable income, work productivity and transport infrastructure provision. People have to pay a disproportionately high percentage of their incomes to move to and from work, journeys take a long time, and infrastructure and vehicles have to be provided and maintained to transport them. Also, locating business opportunities far from infrastructure increases the cost of products and diminishes the chances of success for large and small businesses. An informal trader or small café owner cannot hope to succeed without basic necessities such as water or a reasonable flow of passers-by.

The apartheid spatial legacy is the foundation for much of the inequity in society. A primary strategy of Apartheid was to manipulate the space-economy of towns, to provide good opportunities for whites and the rich and to deny opportunities for blacks and the poor. The best land and most viable locations, the best infrastructure and networks, have traditionally been offered to the minority of citizens. Only through restructuring the space-economy of our settlements can we hope to overcome our divided legacy.

Secondly, municipal strategy has over the last decade taken a strong “sectoral” approach. The approach looks at development in sectors such as Local Economic Development Plans, plans for ‘creative industries’, small enterprises, tourism, and so on. Unfortunately, much of this work is silent on the impact of space on specific sectors and has assisted to hide spatial inequity in our settlements. For example, very few, if any, Local Economic Development Plans will look at the relationship between transport infrastructure, economic opportunity and job creation. (See “logic of sector plans” discussed above).

Thirdly, municipal government has considerable influence over the space economy of settlements. By virtue of its mandate, local government can determine the nature and location of key infrastructure and where settlement is to occur and where not. Local government cannot grow the economy, but it impacts on economic success through the provision and maintenance of infrastructure and how activities are organised in space.

The IDP Objectives are still relevant but need some emphasis shifts due, mainly to the following issues:

1. The greater emphasis placed on the alignment of all government spheres to the National Development Plan – Vision 2030.
2. Long term and sustainable local economic growth and job creation
3. The Back to Basics (B2B) Programme
4. The access of households to municipal services according to the latest National Urban Support Programme data on informal areas – which indicate huge backlogs in terms of basic household services. This is discussed in more detail later in the report.

4.3 Emphasis Shift in Attaining the IDP Objectives

Considering the challenges and opportunities discussed in sections 2 and 3 above as well as the internal institutional issues such as the implementation of mSCOA, the findings of the AGSA during its annual auditing process related to the Predetermined Objectives (PDO's) and the fact that 2016 will be an election year, it is therefore important for the SPM to review its IDP Objectives (PDO's) within the following key performance Areas as per the B2B programme and the LGMIM. These combined KPA's are:

- o Integrated Planning and Implementation (LGMIM only)
- o Local Economic Development (B2B only)
- o Service Delivery (LGMIM and B2B)
- o Human Resource Management (LGMIM and B2B)
- o Financial Management (LGMIM and B2B)
- o Community Engagement (LGMIM and B2B)
- o Governance (LGMIM and B2B)

SPM's present IDP Objectives are indicated in the table below:

National KPA	IDP Objective
1. Local Economic Development	<ol style="list-style-type: none"> 1. To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks 2. To initiate, lead and sustain an investment environment for job creation in the SPM Area 3. To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth
2. Basic and Sustainable Service Delivery and Infrastructure Development	<ol style="list-style-type: none"> 1. To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth 2. To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets 3. To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of SPM 4. To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM
3. Municipal Financial Viability and Management	<ol style="list-style-type: none"> 1. Ensure sound financial management and financial sustainability of SPM
4. Municipal Institutional Development and Transformation	<ol style="list-style-type: none"> 1. To provide an overarching framework for sustainable Municipal Performance Improvement 2. To provide a framework for Municipal Transformation and Institutional Development
4. Good Governance and Public Participation	<ol style="list-style-type: none"> 1. To ensure an improved audit opinion 2. To enhance the Public Profile, Reputation and Positioning of SPM

Table 5: National KPA's and IDP Objectives

PRIORITY ISSUES TO BE ADDRESSED WITHIN EACH KPA AND IDP OBJECTIVE

KPA 1- LOCAL ECONOMIC DEVELOPMENT

SPM must continue and extend its bulk infrastructure development programme through a Municipal Infrastructure Investment Framework (MIIF). During this process special attention should be given to fully implement the recommendations of the Non-revenue Water Minimization Report's recommendation to address the excessive water losses and ensure an uninterrupted supply of water to all consumers. SPM must strive to attain its water supply strategy which is: Certainty of supply and water quality.

Due to excessive pollution of the Vaal River the investigation, to use the Orange River as an alternative source, needs to be expedited. The project entails the investigation of using the Orange River as the water source for Kimberley that will have a futuristic cost saving on the operation and maintenance of the Kimberley water supply system. Currently the water business of Sol Plaatje municipality is becoming unsustainable due

to excessive costs of purification due to poor water quality. This initiative is in line with the municipality's strategy of ensuring sustainable water supply to its residents. The current technology at Riverton Water Purification is not designed to purify extreme poor quality water.

Road rehabilitation and development is still a priority. SPM should, however, focus more on applying preventative maintenance to roads such as resurfacing and crack sealing. These methods have proven to be more effective than patching as they would increase the lifespan of roads and thereby cutting future maintenance costs, enabling SPM to rather focus on the construction of new roads. Pothole patching is not an effective maintenance practice since it is reactive maintenance and does not contribute towards the structural enhancement of the pavement. Options need to be explored to source additional funding to maintain and upgrade the roads in SPM.

Bulk Sewer infrastructure has been largely addressed with two sewer treatment works being completed (Beaconsfield 8-9ML and Ritchie 0.5-2.5ML) with Homevale WWTW being still under construction and will be completed in 2015/2016 financial year. This is clear evidence that bulk sewer is no longer a major crises as it used to be in the past 5 years. However, the major remaining challenge is the sanitation reticulation network that needs major attention. Regular sewer blockages and sewer burst continues to be a health hazard to communities. This problem needs to be resolved through preventative and proactive maintenance strategies. To achieve the above, SPM is currently in a process of procuring a second vacuum truck which will be used to unblock and maintain the municipal sewer system on an ongoing basis.

Similarly the electricity bulk infrastructure has been upgraded and additional bulk has been procured from Eskom. However, the electricity reticulation system is not yet sufficient to accommodate development in certain areas and must be addressed as a matter of urgency. An Integrated Energy Plan should be developed as a matter of urgency to ensure the integrated and sustainable delivery of electricity.

Apart from its infrastructure initiatives SPM should also build on its present partnership arrangements in moving towards a Green Economy. In this regard the energy saving programmes funded by the Eskom Demand Side Grant must be enhanced with the work presently being done on Climate Change through the SPM's Sustainable Energy and Climate Change Unit (SECCU). This becomes especially important with the electricity generating capacity crisis prevalent at present nationally. The conservation of energy has become a prominent focus in South Africa – which is also highlighted in the NDP's development goals. To achieve these goals SPM should have clear plans and dedicated funding to implement projects and programmes which support the green economy.

SPM should also make the most of the opportunities offered by the establishment and development of the Northern Cape University. The present inner city revival programme should continue, supporting the development of the inner city component of the University, in order to use it as a catalyst for private sector development. This should be augmented by well-defined and sustainable incentives for economic investment and to reduce “red tape” in development applications to ensure an enabling environment for economic development.

The Sol Plaatje University and Kimberley

Parallel development or no development at all

Professor
Yunus Ballim



ANYONE who regularly travels around the city centre of

Kimberley will recognise that the emerging Sol Plaatje University (SPU) is changing the skyline of the city.

To its citizens, the idea of a university in Kimberley is now taking physical form and the reality of approximately R900 million of refurbished and new buildings is giving the city a different shape and feel.

By February 2016 we expect to start using the new buildings being constructed on the Central Campus of the University and this will then become an everyday feature of the city. The next phase of construction, a little more modest than the first, has already started and is due for completion in early 2017.

But this must raise questions about the relationship between SPU and the city as well as the possibilities – or even pre-conditions – for their mutual development.

During the planning stages, after it was decided to locate the Northern Cape university in Kimberley, there was strong agreement that the university should be located in the centre of the city.

It may well have been less costly to place the university on the outskirts of the city but the central location was supported on the basis that the university should contribute to the cultural, intellectual and economic life of the city.

Also, this contribution by the university should be much larger than the relatively short-term benefits of the infrastructure development. The university was truly conceived as a future knowledge partner to the development of the city of Kimberley and beyond.

As a starting principle, it is easy to recognise that Kimberley cannot vision itself as a future “university town” like Grahamstown, Stellenbosch or Oxford. Instead, it is better to think of Kimberley as an attractive future city where it will be exciting to live and work – like any of the great cities in the world.

But there is no great city in the world that does not also have a good university – and here is the nexus that forces the development strategies of the city and the university to be in parallel and mutually supportive. Without this, neither the exciting city nor the good university is possible.

One of the effects of the university is that it brings people into the city who may otherwise not have arrived here. At present, around 60 percent of our staff and students are from outside of Kimberley and, of the academic staff, most have at least a Masters degree while 40 percent hold a PhD.

It is important that we sustain this impact if the city and the province is to reverse the usual outward flow of intellectual talent. But this will require that the city

turns hand and mind to matters like expanding seat space in schools for children, employment opportunities for partners or spouses, affordable housing and a social and community experience that the city dweller will find fulfilling.

Of course, there may also be concern about the so-called “studentification” of the city. This conjures images of hordes of young students playing havoc in the city with negative effects like inner-city deterioration and declining property prices.

While this is a real possibility, as in other cities, it can be positively managed

through a deliberate partnership between the university, the private sector and the city authorities.

Most of our students have so far shown that they are able to bring a mature approach to their social activities outside of the university. SPU will certainly work hard to sustain this aspect of our institutional culture as our student numbers grow in the coming years.

As the mining sector continues to decrease its economic engagement with Kimberley, the university may well be considered as the first new “anchor tenant” to be

hosted by the city. The question now should be where the next such economic anchor activity will come from.

The answer may well lie in the development of a strong and sustainable service economy operating alongside the existing small but expandable manufacturing sector capacity.

This is an important moment in the life of the city and Kimberley’s citizens should certainly be contributing more actively to the debate.

• Prof Yunus Ballim is the Vice-Chancellor of the Sol Plaatje University

Above is an opinion piece written by the Vice-Chancellor of the Sol Plaatje University, Professor Yunus Ballim, which directly relates to the parallel development of the University and the City. This parallel development can be well aligned should SPM embark on the GDS process as discussed at length previously in this document.

KPA 2: BASIC AND SUSTAINABLE SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

The Municipality has gone a long way in upgrading its bulk infrastructure to enable growth. It now has to prioritise the reticulation of services to business and households. In this process it is important to take cognisance of the spatial development taking place – both in terms of commercial development and residential development to ensure that the reticulation of services is aligned to the 'space-economic' development of the City.

SPM must as a priority, and in line with the "logic of sector plans", complete its 5-year integrated and costed "Integrated Infrastructure and Service Delivery Plan" to address the backlogs and need in household services in order to access the necessary funding for the different services from all available sources.

The Table (which is replicated from section 2.3 above) indicates the status of the need/backlog and provision of household services in SPM.

Table 6: Backlog/Need and Planned Provision of Household Services in SPM

Service	Backlog Census 2011	Provision up to 30 Jun 2015	2015/16 Targets	TOTAL	Balance	PLUS Growth 2011 to 2014
New Houses (subsidised)	7 846	1 668	409	2 077	5 769	11 693
New Erven Planned and Surveyed	7 846	1 733	2000	3 733	4 113	10 927
Houses connected to water	8 743	4 231	533	4 764	3 979	6 082
Houses connected to sanitation	9 343	5 262	533	5 795	3 548	4 620
Houses connected to electricity	9 127	4 505	786	5 291	3 836	12 094
Houses provided with waste removal	9 490	2 000	600	2 600	6 890	12 406
Roads Rehabilitation/Paving	297 km	37,6 km	2,5 km	40,1 km	257 km	-

The above targets for water and sanitation are backlogs funded by COGSTHA. At tabling of the budget the Provincial gazette was not available.

As is clear from the table above the SPM still has huge backlogs in terms of households without basic in spite of accelerated service provision, especially in the last 2 financial years. These backlogs are mainly within the informal settlements – although some backlogs occur within the formal areas but is miniscule in comparison with the informal areas.

The above figures further highlight the urgency to complete a costed "Integrated Infrastructure and Service Delivery Plan". Such a plan will put SPM in a position to submit business plans in time for funding from national and provincial grants to address the above needs/backlogs. **Attached is a draft "Integrated Infrastructure and Service Delivery Plan"** prepared by the Directorate Infrastructure assisted by the Manager: PMU which should be elaborated on with inputs from all relevant Directorates.

A strategy to address the notion of households to settle in informal areas should also be prepared in order to manage the setting up of informal areas. At present the SPM

has prioritised the upgrading of informal settlements to ensure security of tenure to beneficiaries in the short term. SPM is targeting to at least provide 2,000 surveyed erven in the 2016/17 financial year.

SPM also needs to address, in as far as it is within its powers and functions, the other components of the Housing Sector such as "gap" housing¹ as well as middle to high income housing opportunities. This needs to be an integral part of the Human Settlements Plan that are being reviewed at present.

Apart from providing the household service, SPM must also attend to the following service delivery issues:

- o A Customer Care Strategy and Plan
- o Existing decentralised pay points need to be upgraded to serve communities more effectively
- o Develop a strategy on how to sustainably operate and maintain "Community Facilities" – such as community halls, parks, swimming pools, resorts etc.
- o Start the process of Ward and Precinct Plans

KPA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Below is a list of issues to be addressed within this KPA:

- o Increase revenue enhancement
- o Affordability of household account
- o Increase own capital
- o Enhance multi-year budgeting
- o Move towards zero budgeting - especially for trading services

Due to the present economic climate it becomes very difficult for consumers to afford their monthly municipal accounts. SPM needs to look at innovative ways to make these household accounts more affordable. SPM is also in the process to put measures in place to ensure revenue enhancement – these initiatives should be a high priority.

KPA 4: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

The Mission of SPM, namely: To be a sustainable and efficient municipality, and the Values, namely: customer focus, integrity, transparency, openness and development orientation provides the backdrop for an approach to Human Resource's contribution to the achievement of municipal strategic objectives in the medium to long term. The Human Resource function of the Municipality must therefore be capable to perform its strategic human resource function and not only personnel management.

The current SPM organisational model (in the process of being adopted) still has a number of challenges that need to be addressed specifically the funding thereof. The following pointers pertaining to human resources should be considered as a basis for changing the SPM trajectory.

The proposed SPM HR Strategy aims to align its Human Resources with the Municipal requirements by acquiring, developing and retaining the right staff with competencies

¹ **GAP housing** refers to a category of residential units that falls between the housing units provided by the state (< R100 000) and those provided by the private sector (>R250 000). The GAP housing market typically caters for people earning between R3 500 and R10 000 per month, which is too little to enable them to enter the private property market, yet too much to qualify for state assistance.

that support SPMs IDP objectives and creating a Human Resource framework that promotes efficiency and productivity.

In particular, key changes required in the management of Human Resources at SPM include:

- A revised and consolidated organisation and staff establishment that reconciles with the payroll (without this proper HR management is not possible)
- A properly structured skills development plan, clearly indicating where the most critical skills gaps are and how they will be addressed.
- A Succession Management Plan needs to be put in place (specifically taking the age profile of key staff and managers into account).

Another critical HR deliverable is a culture change programme to reinvigorate the organisation, establish a new code of conduct at all levels and positively enhance the profile of the municipality.

The present Individual Performance Management System (IPMS) must be fully institutionalised to all levels of staff and a Reward and Recognition Policy must be completed to ensure proper buy-in into the IPMS. A process to prepare Standard Operational Procedures for all functions should also be prioritised.

It is also important to enhance the project management skills and processes in the administration to ensure the delivery of capital projects on time, within budget and according to set qualities. In this process the Project Management Unit should play a central role.

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

According to the B2B Programme good governance is at the heart of the effective functioning of municipalities. SPM must therefore ensure that good governance are prioritised. This lies within the responsibility sphere of the political component of the Municipality and it will now be constantly monitored and evaluated on its ability to carry out the following basics:

- The holding of Council meetings as legislated.
- The functionality of oversight structures, S79 committees, audit committees and District IGR Forums.
- The existence and efficiency of anti-corruption measures.
- The extent to which there is compliance with legislation and the enforcement of by-laws.
- The rate of service delivery protests and approaches to address them.

Public participation is another essential component of good governance namely, putting people first. Measures need to be taken to ensure that the Municipality engages with communities.

The Municipality must develop affordable and efficient communication systems to communicate regularly with communities and disseminate urgent information. The basic measures to be monitored include:

- The existence of the required number of functional Ward committees.
- The number of effective public participation programmes conducted by Council.
- The regularity of community satisfaction surveys carried out.

See also the attached B2B reporting Template.

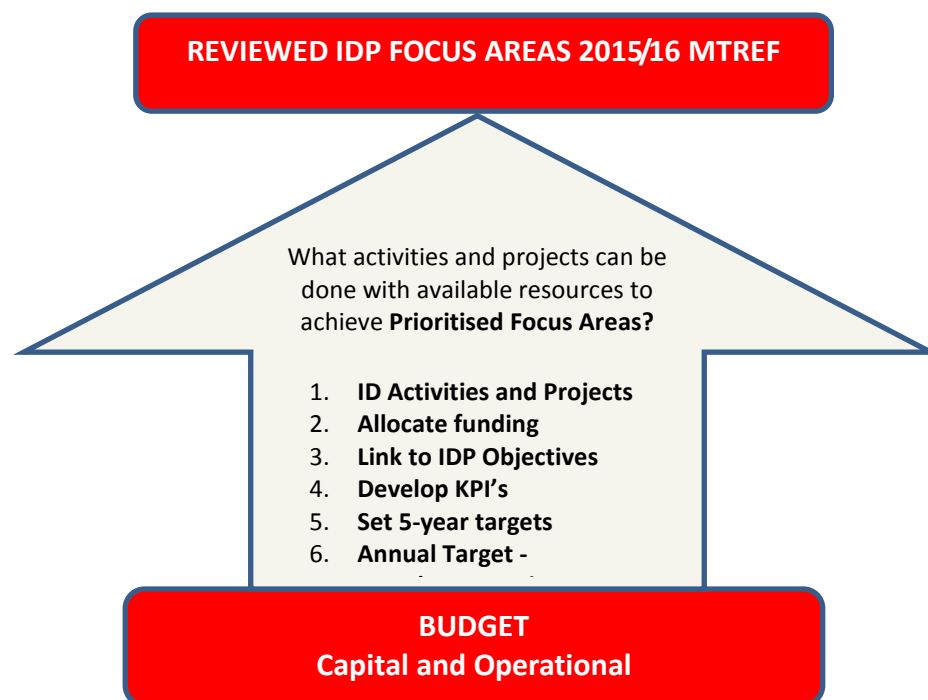
5. Action Agenda: From Strategic Objectives to an Action Plan

SPM needs to operationalise the above Strategic Development Agenda. This is achieved by prioritising the IDP Objectives and the activities to achieve them as outlined above and to ensure that the resource allocation of the Municipality over the remaining period of this IDP cycle addresses these priorities. It is also important that it must be possible to monitor and measure whether this is in fact happening. This will only be possible if realistic Key Performance Indicators and Targets are developed for each IDP Objective.

6. Implementing the IDP and Budget through the Service Delivery and Budget Implementation Plan (SDBIP)

Projects and activities must now be identified to address the key focus areas discussed above and must be resourced with the available financial resources from own confirmed funding and gazetted funding from National and Provincial Government. This process is diagrammatically indicated below:

Figure 10: IDP/Budget/SDBIP Process



The operational resources are contained in the Operational Budget of the 2016/17MTREF. Some of the line items in the Operational Budget need to address the IDP priorities indicated above – especially in light of the B2B programme as not all priorities relate to the capital programme.

6.1 Monitoring the Implementation of the IDP and Budget

The IDP's Multi-year Municipal Performance Plan will inform the 2016/17 SDBIP which aligns with both the Capital and Operational Budget. KPI's and targets cannot be set if resources are not available. Resources refer to both institutional capacity as well as financial capacity.

The draft Capital Budget is attached in the schedules while the draft Operational Budget is contained in the Budget Statement. The Capital Budget is included in the IDP as it speaks directly to LED, Infrastructure Development and Service Delivery outputs while the Operational Budget mainly addresses the activities which produces the outputs.

SPM's SDBIP for 2016/17 will be completed after the public consultation process as priorities may be adjusted due to this process. The SDBIP will submitted to the Executive Mayor by Mid-May for approval and submission to Council at the same time as the submission of the IDP and Budget for adoption.

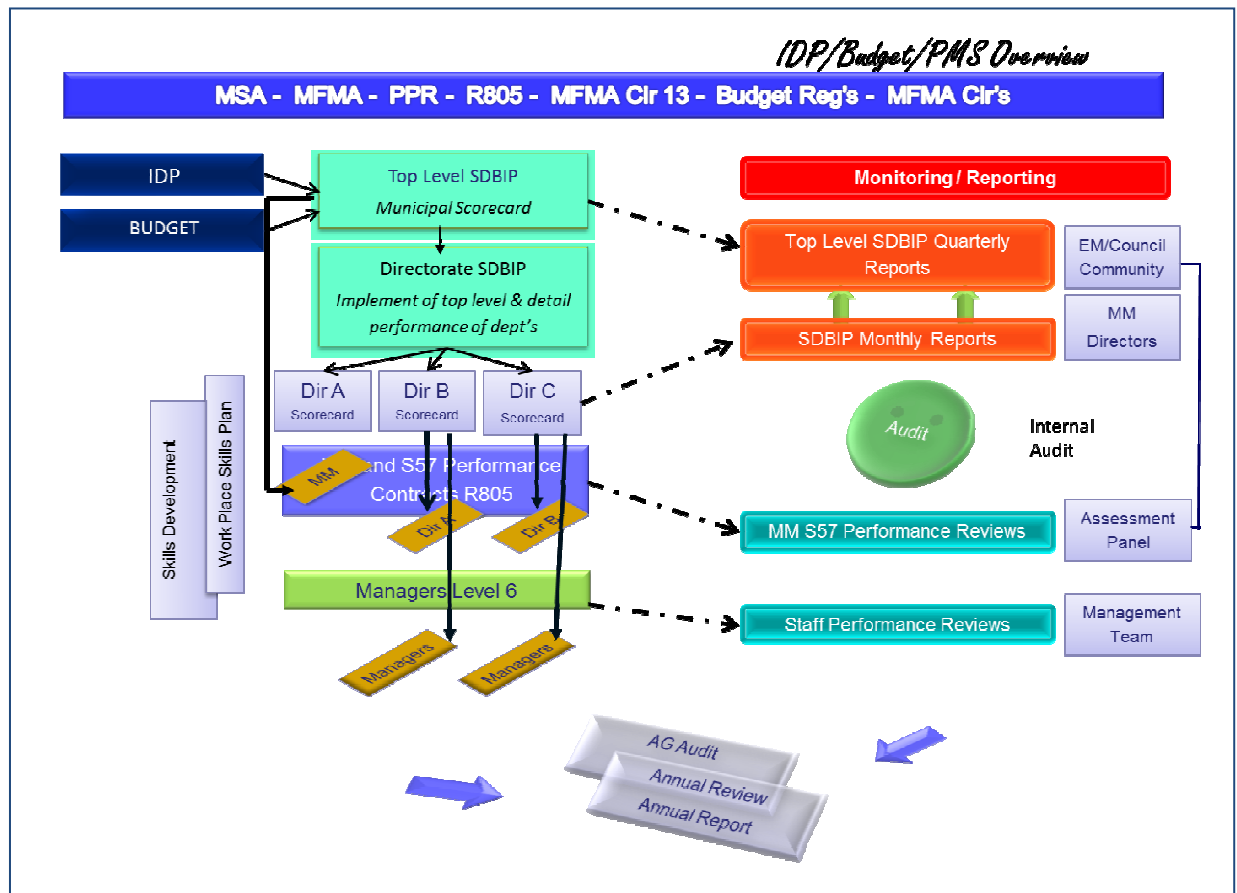
The SDBIP gives effect to the implementation of the IDP and Budget of the Municipality. The IDP Objectives, Key Performance Indicators and Targets aligned to the Budget within each Key Performance Area in the Multi-year Municipal Performance Plan will then inform the SDBIP for the 2016/17 financial year and breaks it up into quarterly targets.

The “top layer” SDBIP is used as a framework for the Organisational Performance Management System. The implementation of the IDP and Budget is monitored, evaluated, reported and measured through the integrated Performance Management System (PMS) to ensure that the resources available to the Municipality are directed at the delivery of prioritised projects, programmes and operations that meet the agreed IDP Objectives. Monitoring, evaluating, measuring and reporting performance will also assist the Municipality:

- To make immediate and appropriate changes in the prioritized delivery process and to adjust resources accordingly;
- Identify and overcome major or systemic blockages in the delivery process and
- Guide future planning on development objectives and resource use.

The PMS process from planning through in-year monitoring and reporting up to the Annual Report is structured as per the figure below:

Figure 11: IDP/Budget/PMS Linkage



**SERVICE
DELIVERY AND
BUDGET
IMPLEMENTATION
PLAN**



SOL PLAATJE MUNICIPALITY

SDBIP

Service Delivery & Budget Implementation Plan



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1. INTRODUCTION

1.1 Legislative Framework

The Municipal Finance Management Act (MFMA) No. 56 of 2003 requires that municipalities prepare a Service Delivery and Budget Implementation Plan (SDBIP) as an implementation and management tool to ensure that budgetary decisions that are adopted by municipalities for the financial year are aligned with their Integrated Development Plan.

Section 1 of the Municipal Finance Management Act (MFMA) No. 56 of 2003 defines the "service delivery and budget implementation plan" as the detailed plan approved by the mayor of the municipality in terms of Section 53 (1) (c) (ii) for implementing the municipality's delivery of municipal services and its annual budget and which must include the following:-

- a) Projections of each month of-
 - (i) revenue to be collected, by source; and
 - (ii) operational and capital expenditure, by vote;
- b) Service delivery targets and performance indicators for each quarter; and
- c) Any other matters that may be prescribed, and includes any revisions of such plan by the mayor in terms of section 54(1)(c).

In terms of Section 53 (i)(c)(ii) of the MFMA, the SDBIP must be approved by the Mayor of a municipality within 28 days of the approval of the budget.

MFMA Circular 13 further addresses the minimum requirements of the SDBIP in detail.

1.2 Overview

The Sol Plaatje Municipality has prepared its 2016/17 SDBIP in line with the above. The SDBIP will serve as a "contract" between the administration, council and the community to deliver on the services outlined in the SDBIP and to manage the finances of the Municipality in a transparent and accountable manner. Not only will the SDBIP serve as an appropriate monitoring tool in the execution of the Municipality's budget to achieve key strategic priorities as set by the Integrated Development Plan (IDP), but will also serve as an essential part of the annual performance contracts for the Municipal Manager and Managers reporting directly to the Municipal Manager and provide a foundation for the overall annual and quarterly organisational performance for the 2016/17 financial year.

The SDBIP includes the following indicators:

- The revenue and expenditure projections per Vote per month.
- Revenue projections by source.
- Capital projects at a ward level and monthly capital cash flow.
- Quarterly consolidated service delivery targets and performance indicators per Municipal KPA and IDP Objective.

The SDBIP will therefore also empower the Executive Mayor, Council and other role-players to undertake their appropriate oversight and monitoring roles. The SDBIP will

also afford the Executive Mayor (Mayoral Committee), Council Committees and the Municipal Manager the ability to measure in-year progress on the implementation of the IDP Objectives and the Budget.

1.3 Components of the SDBIP

The SDBIP is a layered plan and starts with a Multi-year Performance Plan as part of the IDP which is directly linked to the IDP Objectives. The 2016/17 SDBIP will be informed by the Multi-year Municipal Performance Plan which serves as the “top layer” of the SDBIP and contains the consolidated service delivery targets and in-year deadlines. This is illustrated by the diagramme below:

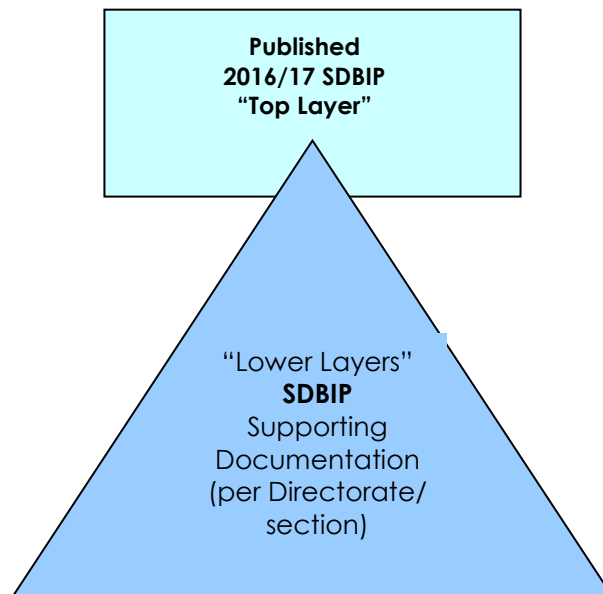


Figure 1: SDBIP Components

Once the “top layer” SDBIP is set, senior management will develop the “lower layers” of detail supporting the SDBIP. These are the actual activities linked to resources (financial, equipment and human) to actually achieve the consolidated service delivery targets within the approved budget amounts on time.

The detail of the departmental SDBIP's will be used by senior managers to hold middle level and lower level managers accountable to contribute to the municipal targets.

The following components forms part of the “top layer” SDBIP:

- o **Monthly Projections of Revenue to be collected by Source**

One of the most important and basic priorities for any municipality is to collect all its revenue as budgeted for – the failure to collect all such revenue will undermine the ability of the municipality to deliver on services.

While these projections would be most useful as cash flow projections, it is also critical to understand the relationship between revenue billed and the amount actually collected in the context of tariff, credit control and indigent policies and any other relevant policies. Comprehensive, coherent revenue

policies that take into account appropriate service delivery levels, standards, ability to pay and collection efforts will ensure realistic revenue projections.

Projections for revenue by source should also include performance measures in relation to collection rates (amounts collected/amounts billed) to enable monitoring of the effectiveness of credit control policies and procedures.

- o **Monthly Projections of Expenditure and Revenue for each Vote**

These projections relate to cash paid and should reconcile to the cash flow statement adopted as part of the budget documentation.

The SDBIP show monthly projections of revenue by vote in addition to revenue by source. This is done to review the budget projections against actual revenue and expenditure by vote in order to gain a more complete picture than provided by reviewing expenditure only.

- o **Monthly Projections of Consolidated Service Delivery Targets and Performance Indicators for each Vote**

While the first two components indicate projections of budgeted amounts for revenue and expenditure, this component requires non-financial measurable key performance indicators and service delivery targets (including reduction of backlogs). The focus here is on outputs and outcomes, and not so much on inputs or internal management objectives.

- o **Detailed Capital Works Plan broken down by Ward over Three years**

Information detailing infrastructure projects per ward containing project description and anticipated capital costs over the three year period.

1.4 SDBIP Link to Strategic Issues in the IDP

The Municipality endeavours to have a seamless link between IDP, as the strategic plan, the SDBIP, which operationalise the IDP and the Budget and the performance agreements of top and middle management – as well as to all levels of staff. This is illustrated in the diagram below:

In order to achieve this vision it will be important for SPM to ensure growth in the local economy in order to be sustainable. The SPM also needs to improve on the efficiency of its services, the sustainability of its finances and the effectiveness of its administration. This translates into two high level strategic objectives that also encompass all national government priorities, namely:

A better standard of living for all - which requires a growing economy depending on a municipal strategy driving urban efficiencies; and

A better quality of life for all - which requires a caring municipality concerned at providing universal access to basic municipal services at affordable levels while becoming a place where business would want to locate.

2. THE REVIEWED 5 YEAR IDP ACTION PLAN RESOURCED

2.1 Budgeting Process

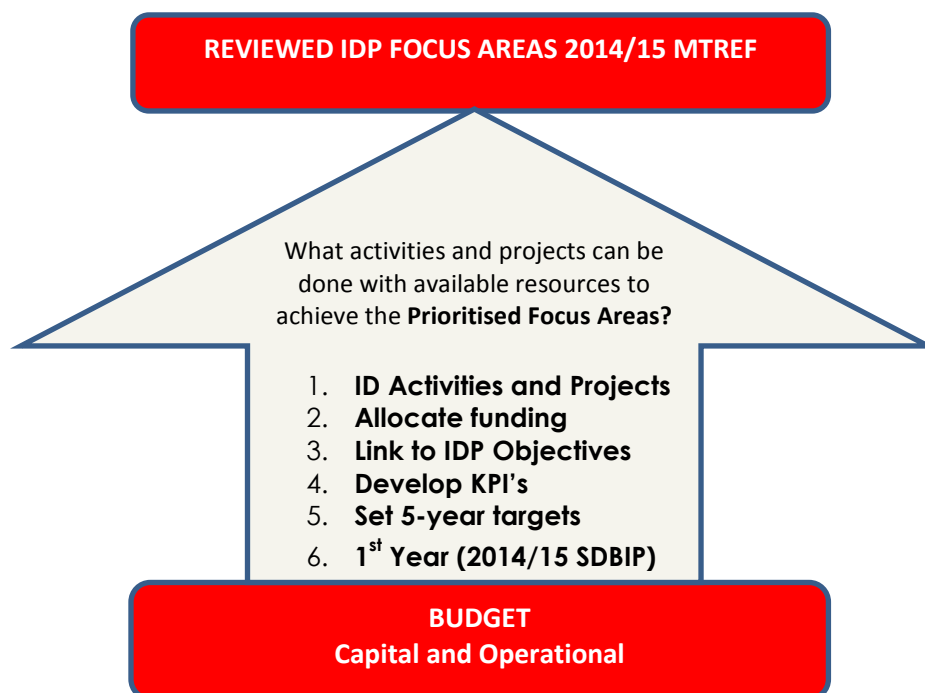
The budgeting process is preceded by the preparation of the IDP.

The budget, both capital and operational, addresses the strategic development agenda of the Municipality as per the IDP. During the present IDP review and considering the present IDP implementation progress it was found that SPM has achieved both financial and administrative stability and that emphasis should now be placed on accelerating the implementation of programmes and projects to achieve its strategic objectives outlined in Chapter 5 of the IDP 2012/13 – 2016/17.

To achieve this goal priority is given to the following key issues which inform the Municipality's resource allocation and activities for the 2016/17 MTREF – and also aligns to the National Development Plan and Back to Basics Programme:

- **An Infrastructure led growth path in the local economy to ensure sustainable development**
- **Concentrate on the Municipality's core functions, namely to improve the efficiency of its service delivery to households who need it most**
- **Ensure financial sustainability**
- **Improve the effectiveness of the Administration**

Programmes, projects and activities have been identified to address the key focus areas discussed above and have been resourced with the available financial resources from own confirmed funding and gazetted funding from National and Provincial Government. This process is diagrammatically indicated below:



2.2 The 2016/17 MTREF Funding Plan

The Tables below indicate the funding plan to fund the IDP Priorities for the 2016/17 MTREF.

2.2.1 Funding the Operational Budget

The municipality raises its revenue through the sale of municipal services being water and electricity as well as service charges for refuse removal, sanitation and other services as well as from property rates and taxes.

The municipal services are billed monthly based on consumption and approved tariffs. A consolidated bill is then sent out to the customer. The municipality is also appointed as an agent by the Department of Transport for motor vehicle registration and licensing and as such earns commission which mainly covers the direct costs of providing the service.

The municipality levies rates on land and development within its jurisdiction. Rates are payable annually by no later than 30 September each year or monthly as the municipal account falls due.

The Table below indicates the operational funding from the various sources and the expenditure by type for the 2016/17 MTREF.

Table 1: Revenue by Source for the 2016/17 MTREF

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Revenue By Source											
Property rates	2	331 348	368 225	398 921	423 808	443 808	443 808	–	486 708	518 468	552 991
Property rates - penalties & collection charges		–	–	–	–						
Service charges - electricity revenue	2	539 544	528 885	561 178	651 586	651 586	651 586	–	700 551	752 170	806 806
Service charges - water revenue	2	198 997	200 062	211 650	245 333	235 333	235 333	–	255 104	270 256	287 454
Service charges - sanitation revenue	2	58 667	63 601	67 956	72 545	71 845	71 845	–	75 450	79 912	84 504
Service charges - refuse revenue	2	41 221	44 695	47 364	50 428	50 228	50 228	–	56 783	60 137	63 581
Service charges – other		–	–	–	–	3 673	3 673		–	–	–
Rental of facilities and equipment		14 253	17 795	16 374	19 182	10 305	10 305		10 690	11 384	12 067
Interest earned - external investments		15 240	21 413	21 165	16 000	19 000	19 000		19 000	21 000	23 000
Interest earned - outstanding debtors		32 108	56 744	73 077	50 000	80 000	80 000		70 000	76 000	76 000
Dividends received		–	–	–	–	–	–		–	–	–
Fines		4 652	11 554	12 011	10 419	15 879	15 879		16 880	17 901	18 827
Licences and permits		2 568	2 708	2 955	2 995	2 965	2 965		3 270	3 435	3 622
Agency services		4 860	4 339	5 038	5 800	5 800	5 800		6 280	6 594	6 957
Transfers recognised - operational		166 865	166 601	168 281	166 787	170 638	170 638		165 897	164 030	177 571
Other revenue	2	35 599	37 474	33 705	34 336	33 559	33 559	–	32 939	34 836	36 744
Gains on disposal of PPE		–	275	658	–	–	–				
Total Revenue (excluding capital transfers and contributions)		1 445 923	1 524 372	1 620 332	1 749 221	1 794 620	1 794 620	–	1 899 552	2 016 124	2 150 125

2.2.2 Funding the Capital Budget

The Municipality's Capital Budget can only be funded from the following three sources, namely

o Own revenue (Capital Replacement Reserve)

In accordance with Sec 18 of the MFMA only revenue surpluses from the previous financial year, that are cash backed and not committed for any spending in the following year, can contribute to the capital budget (CRR). Presently it is projected that a total of R42,439 856 million is available for the 2016/17 financial year and the total own funds that can be allocated to the CRR over the next 3 years amounts to R107 124 589 million based on the cash flow projections indicated above.

Funding	2016/17	2017/18	2018/19
	R'000	R'000	R'000
CRR	42 439 856	39 146 079	25 528 654

o Conditional Grants

Funding is availed from National Treasury and Provincial Treasury for service delivery projects with prescribed conditions attached to it, which inter alia means that the funding cannot be used for any other purpose, except for the approved projects as pertained in the business plan submitted.

The following grants as per table below were gazetted:

Funding	2016/17	2017/18	2018/19
	R'000	R'000	R'000
Municipal Infrastructure Grant (MIG)	45 432	48 716	51 452
Regional Bulk infrastructure Grant (RBIG)	15 000	20 000	–
Neighbourhood Development Partnership Grant (Capital Grant)	7 500	21 458	38 420
Integrated National Electrification Program(Municipal) Grant (INEP)	7 400	7 989	2 354
TOTAL	75 732	97 163	92 226

Indicated in the table below is the grant linked to each project

Name of Grant	Amount Gazetted	Project/s Funded by Grant
MIG	R 7 589 804	High Lift Pump – Riverton
MIG	R 7 112 282	Roads and Storm water – Ward 13
MIG	R 15,529,813	Upgrade Landfill Site
MIG	R 4 506 400	Roads and Storm water – Ward 1
MIG	R 1,000,000	Lerato Park Civil Works
MIG	R 1,000,000	Lerato Park Sewer
MIG	R 8,694,003	Homevale Satellite Fire Station
	R 45 432 302	

Name of Grant	Amount Gazetted	Project Funded by Grant
NDPG	R 7 500 000	Transport Links
Sub Total	R 7 500 000	

Name of Grant	Amount Gazetted	Project Funded by Grant
RBIG	R 15,000 0000	Water Reticulation – Ritchie
Sub Total	R 15,000 000	

Name of Grant	Amount Gazetted	Project Funded by Grant
INEP	R 7,400,000	Electrification of Snake Park
Sub Total	R 7,400,000	
Total	R 75 732 302	

The municipality has responded to the need of upgrading the Landfill site and as such an amount of R15 529 813 has been allocated to the project through the Municipal Infrastructure Grant. Other important projects like the replacement of High Lift pumps at Riverton are continuing to ensure uninterrupted flow of water to the city's residents as well as business.

An amount of R11.6m has been allocated to augment residential roads in wards 1 and 13 funded by MIG. MIG will also provide the funding of the new Satellite Fire Station in Homevale will be implemented to lessen the strain placed on the Emergency services section of the municipality. An allocation of R8.6m has been made via the MIG. Snake Park has been identified as a project benefitting to the tune of R7.4m funded by the Integrated National Electricity Program.

The implementation of the Transport Link program linking various transport modes in the city has been allocated R7.5m which is funded through the Neighbourhood Development Partnership Grant. Water Reticulation in Ritchie will receive R15.0m to provide sustainable water service to the area. Funding is provided through the Regional Bulk Infrastructure grant.

o Long term borrowings

It is not anticipated at this stage that the Municipality will take up any new long term loans for the remainder of this IDP Cycle.

Table 2 below depicts the funding sources for capital for the 2016/17 MTREF

Table 2: Capital Funding Sources for the 2016/17 MTREF

Funding	2016/17	2017/18	2018/19
	R'000	R'000	R'000
CRR	42 439 856	39 146 079	25 538 654
Municipal Infrastructure Grant (MIG)	45 432 302	48 715 719	51 451 905
Regional Bulk Infrastructure Grant	15,000	20 000	–
Neighbourhood Development Partnership Grant (Capital Grant)	7 500	7 989	2 354
Integrated National Electrification Program(Municipal) Grant (INEP)	7,400	20 858	37 420
TOTAL	118 172	137 309	117 765

2.2.3 The 5 Year Key Performance Indicators and Targets

A Multi-Year Municipal Performance Plan setting the necessary annual KPI's and targets for each IDP Objective aligned to the key focus areas for the 2016/17 MTREF has been prepared considering the available resources and possible financial risks as discussed above (sections 2.1.1 and 2.2.2).

This Multi-year Municipal Performance Plan (attached as Annexure 1) is aligned to the Municipal Development Strategy as well as the other spheres of government's priorities. In this manner Sol Plaatje ensures that when it actually implement projects and complete operational activities that it will contribute to the overall priorities set for the development of South Africa, and not only for its local area.

3. THE 2016/17 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

3.1 The 2016/17 MTREF Budget

Table below indicates the alignment of the revenue budget with the Strategic Objectives of the IDP for the 2016/17 MTREF period.

Table 3: Revenue Budget aligned to IDP Strategic Objectives

Strategic Objective	Goal	2016/17 Medium Term Revenue & Expenditure Framework		
		Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand				
KPA 1: Local Economic Development	To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	3 420	3 631	3 836
	To initiate, lead and sustain an investment environment for job creation in the SPM Area	–	–	–
	To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth	429	454	479
KPA2: Basic and Sustainable Service Delivery and Infrastructure Development	To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	2 120	2 236	2 348
	To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	75 732	98 163	92 226
	To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management and roads and storm water as well as community services to all residents of SPM	1 098 989	1 174 292	1 254 864
	To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	43 656	46 107	48 240
KPA 3: Municipal Financial Viability and Management	Ensure sound financial management and financial sustainability of SPM	501 836	534 407	569 641
KPA 4: Municipal Institutional Development and Transformation	To provide an overarching framework for sustainable municipal performance improvement	249 101	254 997	270 717
	To provide a framework for Municipal Transformation and Institutional Development			
KPA 5: Good Governance and Public Participation	To continuously assess internal control environment by conducting internal audits across various functions of the municipality			
	To ensure that the municipality provides basic services to the community in a cost effective manner			
	To enhance the public profile, reputation and positioning of the SPM			
		1 975 284	2 114 287	2 242 351

The municipality's expenditure for the 2016/17 budget and MTREF is informed by the following:

- Modelling of feasible and sustainable budgets over the medium term,
- Cognisance of international, national and local economic- and fiscal conditions,
- Expenditure limits set by realistic and realisable revenue levels,
- The asset repairs and maintenance goals,
- Relevant (budget and other) legislative imperatives, and
- Operational gains and efficiencies directed to fund areas of strategic priority and known commitments.

The Tables below indicate the Municipality's monthly financial targets for the 2016/17 financial year.\

Table 4: Monthly Revenue Targets per Source for the 2016/17 Financial Year

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	Jul	Aug	Sept.	Oct	Nov	Dec	Jan	Febr	Mar	Apr	May	Jun	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source															
Property rates	196 920	26 785	26 624	26 404	26 110	25 238	25 905	25 418	25 418	25 418	27 040	29 429	486 708	518 468	552 991
Property rates - penalties & collection charges												-	-	-	-
Service charges - electricity revenue	61 730	60 697	61 693	55 846	56 749	55 395	55 395	55 846	55 846	55 846	55 846	69 661	700 551	752 170	806 806
Service charges - water revenue	18 500	18 500	18 968	18 748	19 000	22 000	22 000	22 000	21 000	19 000	19 000	36 388	255 104	270 256	287 454
Service charges - sanitation revenue	6 050	6 082	6 068	6 057	6 069	6 060	6 074	6 066	6 066	6 066	6 066	8 726	75 450	79 912	84 504
Service charges - refuse revenue	4 504	4 490	4 503	4 497	4 500	4 498	4 510	4 500	4 500	4 500	4 500	7 282	56 783	60 137	63 581
Service charges - other								734	734	734	734	(2 936)	-	-	-
Rental of facilities and equipment	813	868	871	875	900	852	876	1 219	749	1 060	1 060	548	10 690	11 384	12 067
Interest earned - external investments	79	559	1 182	1 187	109	709	(535)	1 500	1 500	2 000	3 000	7 710	19 000	21 000	23 000
Interest earned - outstanding debtors	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	5 833	70 000	76 000	76 000
Dividends received												-	-	-	-
Fines	580	1 312	667	847	2 318	528	73	2 101	2 101	2 101	2 101	2 151	16 880	17 901	18 827
Licences and permits	290	254	203	198	239	227	518	265	265	265	265	281	3 270	3 435	3 622
Agency services								800	800	950	1 200	2 530	6 280	6 594	6 957
Transfers recognised - operational	62 709	-	-	-	50 291	-	-	-	37 626	-	-	15 270	165 897	164 030	177 571
Other revenue	1 843	3 295	6 482	3 184	1 352	1 118	3 543	1 580	2 250	2 681	3 246	2 365	32 939	34 836	36 744
Gains on disposal of PPE												-	-	-	-
Total Revenue (excluding capital transfers and contributions)	359 852	128 675	133 093	123 677	173 470	122 458	124 194	127 862	164 688	126 454	129 891	185 238	1 899 552	2 016 124	2 150 125

**Table 5: Monthly Expenditure Targets per Type for 2016/17**

Description R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	Jul	Aug	Sept.	Oct	Nov	Dec	Jan	Febr	Mar	Apr	May	Jun	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type															
Employee related costs	47 543	48 000	48 100	48 070	48 448	58 926	49 739	48 475	48 475	48 000	48 000	102 564	644 340	682 524	719 462
Remuneration of councillors	1 782	1 749	1 744	1 744	1 744	1 744	1 744	2 524	2 524	1 846	1 846	2 324	23 312	24 828	26 317
Debt impairment	–	–	190 500	–	–	–	–					–	190 500	202 655	218 021
Depreciation & asset impairment				–	–	–	–	–	–	–	–	55 650	55 650	60 967	65 480
Finance charges	–	–	–	–	–	14 757	–	–	–	–	–	13 000	27 757	26 776	25 762
Bulk purchases	159	59 307	55 296	36 665	39 281	38 219	39 990	39 494	39 329	39 009	30 610	89 142	506 500	548 470	593 943
Other materials	7 700	7 700	6 679	7 367	6 149	6 500	7 000	7 500	7 560	7 128	7 500	62 124	140 908	141 786	154 263
Contracted services	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	2 864	34 363	36 276	38 153
Transfers and grants	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	5 126	61 510	64 524	67 792
Other expenditure	16 000	19 526	18 000	18 462	18 548	14 954	15 445	16 655	16 655	16 655	16 655	18 947	206 503	219 072	231 672
Loss on disposal of PPE												–	–	–	–
Total Expenditure	81 173	144 271	328 308	120 298	122 159	143 090	121 908	122 637	122 532	120 628	112 600	351 741	1 891 344	2 007 878	2 140 865

Table 6: Capital Budget Funding Sources for 2016/17

Funding	2016/17	% Weighting
	R'000	
CRR	42 440	36%
Municipal Infrastructure Grant (MIG)	45 432	38%
Regional Bulk infrastructure Grant (RBIG)	15 000	13%
Neighbourhood Development Partnership Grant (Capital Grant)	7 500	7%
Integrated National Electrification Program(Municipal) Grant (INEP)	7 400	6%
TOTAL	118 172	100%

Table 7 below indicate the capital contribution to the IDP Objectives for the 2016/17 Financial Year.

Table 7: Capital Contribution to the IDP Objectives

IDP Objectives	No of Projects	2016/17	% Contribution
1.1 To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	3	R 7 900 000	7%
2.1 To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	1	R 77 959 000	66%
2.2 To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	11	R 15 349 000	13%
2.4 To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	1	R 8 964 003	8%
3.1 Ensure sound financial management and financial sustainability of SPM	2	R 5 000 000	4%
4.1 To provide an overarching framework for sustainable municipal performance improvement	1	R 3,000,000	2%
TOTAL		R 118 172 000	100%

Table 8: Monthly Capital Expenditure per Municipal Vote: 2016/17

Description	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
R thousand	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Multi-year expenditure to be appropriated															
Vote 5 - Community Services													8 694		
Vote 7 - Strategy Econ Development and Planning													7 900	23 458	40 420
Vote 8 - INFRASTRUCTURE AND SERVICES	1,500	1,876	2,100	2,546	2,897	3,102	3,546	3,789	3,897	4,100	5,102	10,598	89 578	103 885	68 345
Capital multi-year expenditure sub-total	1,500	1,876	2,100	2,546	2,897	3,102	3,546	3,789	3,897	4,100	5,102	10,598	106 172	128 309	108 765
Single-year expenditure to be appropriated															
Vote 1 – EXECUTIVE AND COUNCIL											3,000	–	3,000	3,000	3,000
Vote 5 – COMMUNITY SERVICES	879	891	949	978	989	1,000	1,200	1,234	1,532	1,648	1,895	1,901	5 000	2 000	2,000
Vote 6 - FINANCIAL SERVICES	150	167	198	210	234	256	289	301	356	450	599	1,290			
Vote 7 - STRATEGY ECON DEVELOPMENT AND PLANNING	250	296	301	346	387	415	456	523	645	1,500	1,750	2,231			
Vote 8 - INFRASTRUCTURE AND SERVICES	324	919	1,221	1,481	2,446	2,902	3,102	4,796	6,844	7,282	2,036	1,607	4 000	4 000	4 000
Capital single-year expenditure sub-total	1,603	2,273	2,669	3,015	4,056	4,573	5,047	6,854	9,377	10,880	9,280	7,029	12 000	9 000	9 000
Total Capital Expenditure	3,103	4,149	4,769	5,561	6,953	7,675	8,593	10,643	13,274	14,980	14,382	17,627	118 172	137 309	117 765

Table 9: Capital Project Schedule for 2016/17 per Vote and Ward

Projects	Ward	Funding Source	2016/17	
			Internal	Grant
EXECUTIVE AND COUNCIL				
Loose Equipment	All	CRR	3 000 000	
STRATEGY, ECONOMIC DEVELOPMENT AND PLANNING				
Transport Links	All	NDPG		7 500 000
Neighbourhood Development Partnership Grant Technical	All	NDPG		400 000
INFRASTRUCTURE AND SERVICES				
Roads and Storm water – Wards 13		MIG		7 112 282
Roads and Storm water – Wards 1		MIG		4 506 400
Replacement of Pre-paid meters	All	CRR	3 000 000	
Pump Building Riverton		CRR	10 000 000	
Fleet Replacement Programme	All	CRR	4 000 000	
Security of assets	All	CRR	3 000 000	
Replacement of water meters	All	CRR	2 500 000	
Riverton water (High Lift Pumps)	All	CRR	5 639 856	7 589 804
Ritchie Augmentation of Bulk and Connector Water	29	RBIG		15 000 000
Homevale WWTW Upgrade (15 ML)	All	CRR	4 800 000	
Electrification of Snake Park		INEP		7 400 000
Lerato Park: Bulk Water Mains	All	MIG		1 000 000
Lerato Park: Bulk Sewer Mains	All	MIG		1 000 000
FINANCIAL SERVICES				
IT Replacement programme: Hardware and software	All	CRR	5 000 000	
COMMUNITY AND SOCIAL DEVELOPMENT SERVICES				
Landfill Site - Upgrade	All	MIG	2 000 000	15 529 813
Homevale Satellite Fire Station	26,27	MIG		8 694 003
TOTAL			42 439 856	75 732 302
GRAND TOTAL			R 118 172 185	

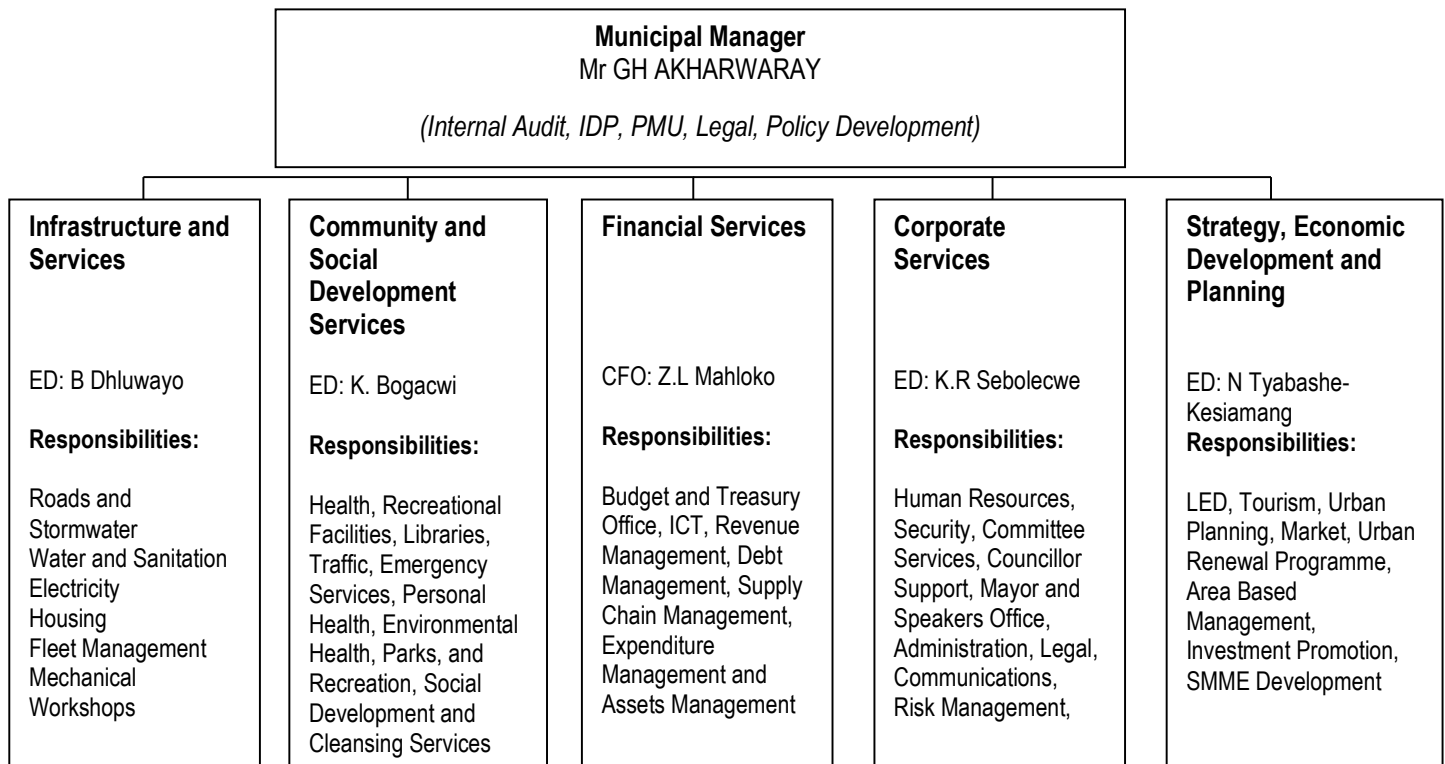
3.2 CONSOLIDATED SERVICE DELIVERY TARGETS AND PERFORMANCE INDICATORS

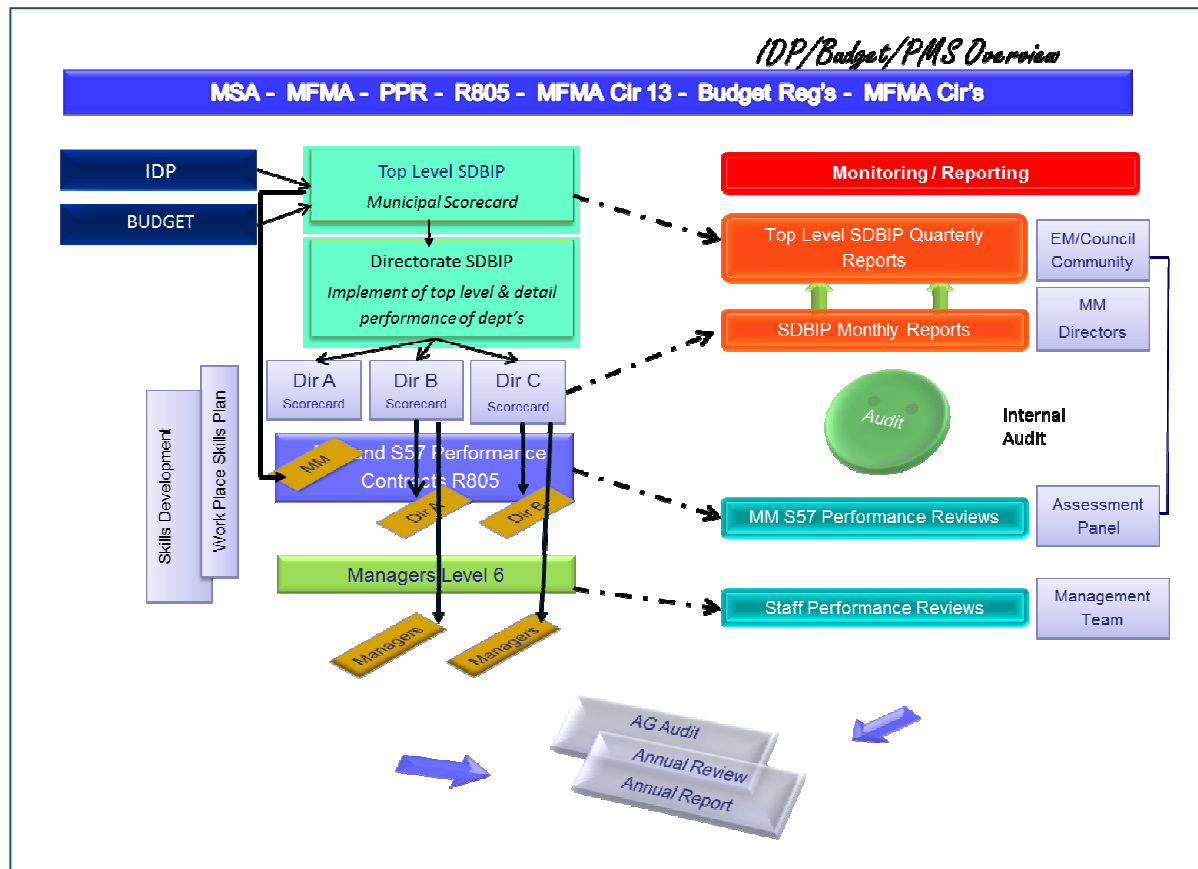
The Service Delivery Targets and Performance Indicators per National and Municipal Key Performance Areas (KPA's) are discussed below.

3.2.1 Macro Structure

The Key Performance Indicators identified for the 2016/17 Financial Year are per Municipal Vote (Directorate). It assigns the responsibility of each Directorate for its specific KPI and target - see diagramme below and Annexure 1 (Multi-year Targets)

and Annexure 2 (Quarterly Targets). These KPI's and Targets again inform the Performance Contract for the Municipal Manager and Managers accountable to the Municipal Manager as well as middle managers up to job level 6 (See Diagramme below).





3.2.2 Multi-year Performance Plan (Annexure 1)

The Multi-year Municipal Performance Plan (Annexure 1) represents the key indicators at an organisational level for the remainder of this IDP Cycle. The indicators are also aligned with the national and provincial performance indicators and the overall strategic agenda of the municipality as well as LGTAS Focus Areas to ensure alignment with the IDP and Budget. It also informs the SDBIP for 2015/16.

3.2.3 Quarterly Service Delivery targets and Performance Indicators per Vote 2015/16 SDBIP (Annexure 2)

Annexure 2 indicates the KPI's and Targets for the 2015/16 financial year – the first year of the multi-year performance plan.

OFFICE OF THE MUNICIPAL MANAGER										
KPA	IDP Objective	Sub-Directorate	2016/17 KPI	Measurement	POE	Baseline	Annual Target 2016/17	2016/17	2017/18	2018/19
KPA 4: Municipal Institutional Development and Transformation	4.1 To provide an overarching framework for sustainable municipal performance improvement	IDP Office	Monitor the implementation of the Integrated Performance Management Policy by conducting at least one review meeting annually.	Reviewed policy. Item on policy review tabled to Council	Council adopted PMS policy document	-	1	1	1	1
		IDP Office	Submit the final IDP document for adoption to Council by 31 May annually.	Tabled IDP for Council adoption	Adopted IDP document	1	1	1	1	1
		IDP Office	Submit the final SDBIP to the Executive Mayor by 30 June annually	SDBIP approved by Executive Mayor	Approved SDBIP document	1	1	1	1	1
		IDP Office	Conduct bi-annual performance assessments of the municipal manager and managers reporting directly to the municipal manager by 30 June 2017	Number of assessments conducted	Assessment reports	2	2	2	2	2
		IDP Office	Submit quarterly organisational performance reports to the Executive Mayor by the 20th of the month following the end of each Quarter for 2016/17	No of Reports submitted	Actual report submitted and signed off by EM	4	4	4	2	4
KPA 5: Good Governance and Public Participation	5.3 To continuously assess internal control environment by conducting internal audits across various functions of the municipality	Internal audit	Internal audit to perform an assessment of the internal control environment and other risk areas within the municipality and issue at least 10 internal audit reports to the audit committee during the year	Number of internal audit reports compiled	Internal audit reports	New	10	10	10	10
DIRECTORATE INFRASTRUCTURE AND SERVICES										
KPA	IDP Objective	Sub-Directorate	2016/17 KPI	Measurement	POE	Baseline	Annual Target 2016/17	2016/17	2017/18	2018/19
	2.1 To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth	Water and Sanitation	Implement at least 80% of the 2 high lift pumps project in Riverton by 30 June 2017	% complete in terms of the project plan	Project progress reports, minutes of site meetings, physical site visits	-	50%	50%	80%	100%
		Water and Sanitation	To progress at least 50% with the construction of a new pump station building at Riverton WTW (to host the new high lift pumps) by 30 June 2017	% complete in terms of the project plan	Project progress reports, minutes of site meetings, physical site visits	-	50%	50%	80%	100%
		Water and Sanitation	To complete 100% of the dewatering phase of the Homevale waste water project by 30 June 2017.	% complete in terms of the project plan	Project progress reports, minutes of site meetings, physical site visits	-	70%	100%	-	-
		Water and Sanitation	To complete 100% of phase 1 for the upgrade of the Ritchie WTW by 30 June 2017.	% complete in terms of the project plan	Project progress reports, minutes of site meetings, physical site visits	-	60%	80%	100%	-

CONSOLIDATED QUARTERLY FINANCIAL AND SERVICE DELIVERY TARGETS FOR SOL PLAATJE MUNICIPALITY FOR 2016/17 PER WARD

ANNEXURE 1

KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development	2.2 To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Electricity	Decrease electricity losses to 17% by 30 June 2017	% electricity losses	Calculations on electricity losses as per the actual records system	16.47%	15.5%	17%	16%	15%
KPA 1: Local Economic Development	2.3 To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of SPM	Electricity	500 additional households connected to the electricity network by 30 June 2017	No of houses connected to electricity network	Approved layout plans, signed off completion certificates of the various engineers/project managers (COC), annexure detailing even connected.	492	446	-	-	-
	2.2 To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Water and Sanitation	Decrease water losses to 45% by 30 June 2017	% water losses	Calculations on water losses as per the actual	44%	37%	45%	40%	35%
		Water and Sanitation	Achieve 92% Bluedrop Status (BDS) by 30 June 2017	Annual % performance per system report	DWA assessment report	84%	92%	92%	100%	100%
		Water and Sanitation	Achieve 90% Greendrop Status (GDS) by 30 June 2017	Annual % performance per system report	DWA assessment report	76%	90%	90%	100%	100%
KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development	2.2 To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Roads and Storm water	Paving of 4 km residential roads by 30 June 2017	Km of roads paved	Project reports and actual measurement on the ground	17 Km	2.5 km	4km	6km	6km
		Roads and Storm water	Resealing of 6km of roads	Kms of roads resealed	Project reports and actual measurement on the ground		new	6km	6km	6km
		Housing	409 Additional Households to be provided with a subsidised house by 30 June 2016	No of houses constructed	Actual completed structures	516	409	-	-	-

DIRECTORATE FINANCIAL SERVICES				Annual Targets						
KPA	IDP Objective	SUB-DIRECTORATE	2016/17 KPI	Measurement	POE	Baseline	Annual Target 2016/17	2016/17	2017/18	2018/19
KPA 1: Local Economic Development	1.1 To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Supply Chain Management	To improve the SCM turnaround time to 12 weeks for annual contracts from closing date to date of award.	Average time in weeks to award tenders	Register indicating the steps for assessing and awarding of tenders and dates when each step was signed off - from submission of the tender to final awarding of tender	12.08	12	12	12	12
		Supply Chain Management	To improve the SCM turnaround time to 6 weeks for once of contracts from closing date to date of award	Average time in weeks to awards tenders		9.87	6	6	6	6
	1.3 To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth	Supply Chain Management	Ensure that at least 60% of the Municipality's own procurement for goods and services are sourced from Local Black SMME's (category D2).	% of the Municipality's own procurement for goods and services	Records/reports of goods and services procured	67%	60%	60%	60%	60%
KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development	2.3 To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of SPM	Finance	14 000 Indigent households to receive free basic services (water, electricity and waste removal according to national guidelines) by 30 June 2017	No of indigent households receiving free basic services	Verified indigent register and financial reports	13 395	12 000	14 000	14 000	14 000

KPA 3: Municipal Financial Viability and Management	3.1 Ensure sound financial management and financial sustainability of SPM	Finance	Improve revenue enhancement by ensuring a collection rate of 89.4% after debt write off by 30 June 2017	% collection rate	Financial and Audit reports	79%	89.4%	89.4%	90.5%	90.5%
		Finance	To spend at least 90% of the Capital Budget (including VAT) on capital projects identified ito the IDP by 30 June 2017	% capex of capital budget	Financial and Audit reports	83%	90%	90%	90%	90%
		Finance	To spend at least 95% of the Operational Budget annually (30 June)	% opex of operational budget	Financial and Audit reports	90%	95%	95%	95%	95%
		Finance	Maintain the debt coverage ratio of at least 2:1 against net assets of the municipality by 30 June 2017	Debt coverage (Total operating revenue-operating grants received)/debt service payments due within the year)	Financial and Audit reports	1.83:1	2:1	2:1	2:1	2:1
		Finance	Reduce the net debtor days to 200 days by 30 June 2017	Net debtor days - ((Gross Debtors - Bad Debt Provision) / Billed Revenue)) x 365	Financial and Audit reports	New	200	200	200	200
		Finance	Maintain a cost coverage ratio of at least 2:1 annually	Cost coverage (Available cash + investments/ monthly fixed operating expenditure)	Financial and Audit reports	2.2:1	02:01	02:01	02:01	02:01
KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development	2.2 To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	All	To appropriate at least 8% of the operational budget to repairs and maintenance by annually	% operating expenditure budget allocated to repairs and maintenance	Financial and Audit reports	5%	8%	6%	7%	8%
		All	To ensure that the budget allocation for employee related costs does not exceed 32% of the Operational Budget annually	Employee related cost as a % of Ops Budget	Financial and Audit reports	32%	32%	32%	30%	30%
KPA 3: Municipal Financial Viability and Management	3.1 Ensure sound financial management and financial sustainability of SPM	SCM	To implement an effective and efficient Supply Chain Management System by ensuring that successful appeals is not more than 5% of tenders/quotes awarded by 30 June 2017	% successful appeals = Total number of successful appeals / Total number of tenders awarded x 100	Actual appeals lodged	0	5%	5%	5%	5%
		All	Submit an audit action plan to the Municipal Manager to address findings raised by the Audit General annually.	Audit action plan submitted	Audit action plan	New	1	1	1	1
		Finance	Monitoring of the implementation back to basics to inform service delivery strategy by conducting at least two review meetings annually.	Back to Basics strategy adopted	Back to Basics strategy adopted	New	1	2	2	2

DIRECTORATE CORPORATE SERVICES				Annual Targets						
KPA	IDP Objective	SUB-DIRECTORATE	KPI	Measurement	POE	Baseline	Annual Target 2016/17	2016/17	2017/18	2018/19
KPA 5: Good Governance and Public Participation	5.2 To enhance the Public Profile, Reputation and Positioning of SPM	Webmaster	Ensure an up dated and user friendly website by 30 June 2017.	% compliant to relevant legislation	Actual updated information on web	100%	100%	100%	100%	100%
		Webmaster	To effectively communicate to the public by issuing monthly newsletters and press releases when required.	Number of newsletters and press releases issued.	Number of newsletters and press releases issued.	New	12	12	12	12
KPA 4: Municipal Institutional Development and	4.2 To provide a framework for Municipal Transformation and Institutional Development	Equity Unit	Achieve 80% compliance with the EAP plan of the municipality by ensuring representation of the racial profile of the local authority on municipal level by 30 June 2017.	% compliance to the EAP	Equity register	87%	80%	80%	90%	100%
		Human Resources	Monitor the implementation of the Human Resource Management Plan through conducting at least one review meeting annually.	HRM Plan tabled	Submission of documentary proof (progress reports, minutes of meetings, actual plan etc) of tabling of HRM Plan	New	100%	1	1	1
		Risk Management Unit	Review and submit the strategic risk register to the Accounting Officer by 31 March 2017	Strategic risk register	Strategic risk register	New	1	1	1	1

Transformation	4.2 To provide a framework for Municipal Transformation and Institutional Development	Risk Management Unit	To report quarterly on the progress of risk mitigation to the Executive Management Team (EMT)	Number of reports	Quarterly reports	New	4	4	4	4
			Submit an Annual Report on risk management maturity level of SPM to NT by 30 June each year	Maturity Report submitted	Maturity Report and Minutes Audit Committee	New	1	1	1	1
			Implement security project to increase the quality of security within SPM by 30 June 2017.	% complete in terms of the project plan	Maturity Report and Minutes Audit Committee	New	100%	100%		

DIRECTORATE STRATEGY, ECONOMIC DEVELOPMENT AND PLANNING							Annual Targets			
KPA	IDP Objective	SUB-DIRECTORATE	KPI	Measurement	POE	Baseline	Annual Target 2016/17	2016/17	2017/18	2018/19
1.1 To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks		Building Services	Ensure a turnaround time of 10 weeks for building plan approval for buildings or architectural buildings greater than 500m² in accordance with NBRBSA - 103/1977	Average time in weeks to approve building plans	Register indicating the steps for approval and dates when each step was signed off - from submission of plan to final approval	18 weeks	10 weeks	10 weeks	10 weeks	10 weeks
		Building Services	Ensure a turnaround time of 6 weeks for building plan approval for buildings or architectural buildings less than 500m² in accordance with NBRBSA - 103/1977	Average time in weeks to approve building plans	Register indicating the steps for approval and dates when each step was signed off - from submission of plan to final approval	12 weeks	6 weeks	6 weeks	6 weeks	6 weeks
		Building Services	Improving the turnaround time for development applications (rezoning) from receipt of all sectional comments, submission to Development and Planning Committee and Council to 10 weeks by 30 June 2017	Average time in weeks to approve applications	Register indicating the steps for approval and dates when each step was signed off - from submission of application to final approval	16 weeks	10 weeks	10 weeks	10 weeks	10 weeks

CONSOLIDATED QUARTERLY FINANCIAL AND SERVICE DELIVERY TARGETS FOR SOL PLAATJE MUNICIPALITY FOR 2016/17 PER WARD

ANNEXURE 2

OFFICE OF THE MUNICIPAL MANAGER		Sub-Directorate	2016/17 KPI	Measurement	POE	Baseline	Annual Target 2016/17	Quarterly targets			
KPA	IDP Objective							Quarter 1 30 Sept 2016	Quarter 2 31 Dec 2016	Quarter 3 31 Mar 2017	Quarter 4 30 Jun 2017
KPA 4: Municipal Institutional Development and Transformation	4.1 To provide an overarching framework for sustainable municipal performance improvement	IDP Office	Monitor the implementation of the Integrated Performance Management Policy by conducting at least one review meeting annually.	Reviewed policy. Item on policy review tabled to Council	Council adopted PMS policy document	-	1	0	0	1	0
		IDP Office	Submit the final IDP document for adoption to Council by 31 May annually.	Tabled IDP for Council adoption	Adopted IDP document	1	1	0	0	0	1
		IDP Office	Submit the final SDBIP to the Executive Mayor by 30 June annually	SDBIP approved by Executive Mayor	Approved SDBIP document	1	2	0	1	2	0
		IDP Office	Conduct bi-annual performance assessments of the municipal manager and managers reporting directly to the municipal manager by 30 June 2017	Number of assessments conducted	Assessment reports	2	2	0	1	2	0
KPA 5: Good Governance and Public Participation	5.3 To continuously assess internal control environment by conducting internal audits across various functions of the municipality	IDP Office	Submit quarterly organisational performance reports to the Executive Mayor by the 20th of the month following the end of each Quarter for 2016/17	No of Reports submitted	Actual report submitted and signed off by EM	4	4	1	2	3	4
		Internal audit	Internal audit to perform an assessment of the internal control environment and other risk areas within the municipality and issue at least 10 internal audit reports to the audit committee during the year	Number of internal audit reports compiled	Internal audit reports	New	10	10	10	10	10

DIRECTORATE INFRASTRUCTURE AND SERVICES		Sub-Directorate	KPI	Measurement	POE	Baseline	Annual Target 2016/17	Quarterly targets			
KPA	IDP Objective							Quarter 1 30 Sept 2016	Quarter 2 31 Dec 2016	Quarter 3 31 Mar 2017	Quarter 4 30 Jun 2017
2.1 To ensure adequate provision of new bulk infrastructure to unlock and sustain development and growth		Water and Sanitation	Implement at least 80% of the 2 high lift pumps project in Riverton by 30 June 2017	% complete in terms of the project plan	Project progress reports, minutes of site meetings, physical site visits	0	80%	20%	30%	40%	80%
		Water and Sanitation	To progress at least 50% with the construction of a new pump station building at Riverton WTW (to host the new high lift pumps) by 30 June 2017	% complete in terms of the project plan	Project progress reports, minutes of site meetings, physical site visits	0	50%	10%	30%	40%	50%
		Water and Sanitation	To complete 100% of the dewatering phase of the Homevale waste water project by 30 June 2017.	% complete in terms of the project plan	Project progress reports, minutes of site meetings, physical site visits	64%	70%	20%	50%	60%	70%
			To complete 100% of phase 1 for the upgrade of the Richie WTW by 30 June 2017.	% complete in terms of the project plan	Project progress reports, minutes of site meetings, physical site visits	-	100%	20%	40%	80%	100%

CONSOLIDATED QUARTERLY FINANCIAL AND SERVICE DELIVERY TARGETS FOR SOL PLAATJE MUNICIPALITY FOR 2016/17 PER WARD

ANNEXURE 2

KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development	2.2 To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Electricity	Decrease electricity losses to 17% by 30 June 2017	% electricity losses	Calculations on electricity losses as per the actual records system	16.47%	15.5%	19%	18%	17.5%	17.0%
	2.3 To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of SPM	Electricity	500 additional households connected to the electricity network by 30 June 2017	No of houses connected to electricity network	Approved layout plans, signed off completion certificates of the various engineers/project managers (COC), annexure detailing even conducted calculations on water losses as per the actual records system	492	500	50	150	300	500
	2.2 To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Water and Sanitation	Decrease water losses to 45% by 30 June 2017	% water losses		44%	45%	48%	48%	45%	45%
		Water and Sanitation	Achieve 92% Bluedrop Status (BDS) by 30 June 2017	Annual % performance per system report	DWA assessment report	84%	92%	92%	92%	92%	92%
		Water and Sanitation	Achieve 90% Greendrop Status (GDS) by 30 June 2017	Annual % performance per system report	DWA assessment report	76%	90%	90%	90%	90%	90%
KPA 1: Local Economic Development	2.2 To ensure continuous maintenance, refurbishment, upgrade and replacement of existing infrastructure assets	Roads and Storm water	Paving of 4 km residential roads by 30 June 2017	Km of roads paved	Project reports and actual measurement on the ground	2.5 Km	4 km	0	0	2 km	4 km
			Resealing of 6km of roads	Kms of roads ressealed	Project reports and actual measurement on the ground	new	6	1	2	4	6
	2.3 To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of SPM	Housing	409 Additional Households to be provided with a subsidised house by 30 June 2016	No of houses constructed	Actual completed structures	516	409	0	0	204	409

DIRECTORATE FINANCIAL SERVICES		Quarterly targets									
KPA	IDP Objective	SUB-DIRECTORATE	KPI	Measurement	POE	Baseline	Annual Target 2016/17	Quarter 1 30 Sept 2016	Quarter 2 31 Dec 2016	Quarter 3 31 Mar 2017	Quarter 4 30 Jun 2017
KPA 1: Local Economic Development	1.1 To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	Supply Chain Management	To improve the SCM turnaround time to 12 weeks for annual contracts from closing date to date of award.	Average time in weeks to award tenders	Register indicating the steps for assessing and awarding of tenders and dates when each step was signed off - from submission of the tender to final awarding of tender	12.08	12	12	12	12	12
		Supply Chain Management	To improve the SCM turnaround time to 6 weeks for once of contracts from closing date to date of award	Average time in weeks to awards tenders		9.87	6	6	6	6	6
	1.3 To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth	Supply Chain Management	Ensure that at least 60% of the Municipality's own procurement for goods and services are sourced from Local Black SMME's (category D2).	Average % of the Municipality's own procurement for goods and services	Records/reports of goods and services procured	67%	60%	60%	60%	60%	60%
KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development	2.3 To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of SPM	Finance	14,000 indigent households to receive free basic services (water, electricity, sanitation and waste removal according to national guidelines) by 30 June 2017	No of indigent households receiving free basic services	Verified indigent register and financial reports	13 395	14 000	13 395	14 000	14 000	14 000

CONSOLIDATED QUARTERLY FINANCIAL AND SERVICE DELIVERY TARGETS FOR SOL PLAATJE MUNICIPALITY FOR 2016/17 PER WARD

ANNEXURE 2

KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development	1.1 To provide an enabling environment for LED in SPM within the context of National and Provincial Frameworks	LED	Promote tourism into the city using arts, culture and heritage as a strategy by creating a marketing platform for SMME's through events patterned by Sol Plaatje on an annual basis.	Number of marketing platforms created (events)	Agenda's, attendance registers of tourism activities held	New	4	1	1	1	1
		LED	Support SMME's through business incubation by setting up developmental programmes for at least 10 businesses annually	Number of business provided with a developmental programme	Number of business provided with a developmental programme	New	10	10	10	10	10
	1.2 To initiate, lead and sustain an investment environment for job creation in the SPM Area	LED	Create 200 FTE jobs through EPWP related initiatives of the SPM by 30 June 2017	No of FTE jobs created	Register and reports of jobs created through EPWP	FTE	200	20	60	120	200
	1.3 To leverage municipal assets and the municipal procurement process with the view to stimulate redistribution and growth	Properties	To perform at least two feasibility studies to identify suitable land for human settlements in order to ensure security of land tenure for community	Number of feasibility studies performed	Feasibility studies performed	New	2	0	1	1	2
KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development	2.3 To ensure sustainable delivery in respect of water and sanitation, electricity, solid waste management, housing and roads and storm water services to all residents of SPM	Urban Planning	To submit layout plans for 2 000 Additional erven planned to Surveyor General by 30 June 2017	Erven planned, surveyed on approved SG diagramme	Layout Plans completed and approved General Plans	10	2 000	-	-	1 000	2 000

DIRECTORATE COMMUNITY AND SOCIAL DEVELOPMENT SERVICES					Quarterly targets						
KPA	IDP Objective	SUB-DIRECTORATE	KPI	Measurement	POE	Baseline	Annual Target 2016/17	Quarter 1 30 Sept 2016	Quarter 2 31 Dec 2016	Quarter 3 31 Mar 2017	Quarter 4 30 Jun 2017
KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development		Waste Management		Provide weekly refuse collection to 52,000 households in No. of houses receiving a weekly solid waste removal service Sol Plaatje by 30 June 2017	Project reports and actual measurement on the ground	48 000	52 000	48 000	50 000	52 000	52 000
KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development	2.4 To ensure sustainable delivery of community services (personal health, environmental health, libraries, parks and recreation, emergency and traffic services) to all residents of SPM	Waste Management		Implement and complete the project on the upgrade of the landfill site by 30 June 2017	Project reports and actual measurement on the ground	-	100%	20%	40%	65%	100%
KPA 2: Basic and Sustainable Service Delivery and Infrastructure Development		Fire Station		Complete at least 50% of the construction of the Homevale Fire station	Project reports and actual measurement on the ground	-	50%	10%	30%	45%	50%

**BUDGET
RELATED
POLICIES
OVERVIEW
AND
AMENDMENTS**

SOL PLAATJE MUNICIPALITY

ANNEXURE : BUDGET RELATED POLICIES

<u>List of Budget related policies</u>	<u>Explanation numbers</u>	<u>Approved</u>	<u>Resolution Number</u>	<u>Reviewed</u>
Policy Asset Management	1	28-May-14	C125/05/14	March 2016
Policy Cash Management & Investment	1	07-Apr-05	CR22	March 2016
Policy Credit Control	1	28-May-14	C125/05/14	March 2016
Policy Indigent	1	28-May-14	C121/05/14	March 2016
Policy Internal Audit	1	17-Nov-05		March 2016
Policy Property Rates	1	27-May-15	C99/05/15	March 2016
Policy Risk Management	1	17-Nov-05	CR500	March 2016
Policy Supply Chain Management	1	04-Nov-14	C265/11/14	March 2016
Tariff Policy on Property Rates	1	28-May-14	C125/05/14	March 2016
Tariff Policy on Electricity	1	28-May-14	C125/05/14	March 2016
Tariff Policy on Water	1	28-May-14	C125/05/14	March 2016
Tariff Policy on Sanitation	1	28-May-14	C125/05/14	March 2016
Tariff Policy on Refuse Removal/Solid Waste	1	28-May-14	C125/05/14	March 2016
Policy Debt Write-off	1	28-May-14	C125/05/14	March 2016
Policy Regarding Audit Committees	1	17-Nov-05	CR500	March 2016
Policy Asset Disposal	1	28-May-14	C125/05/14	March 2016
Policy Borrowing	1	28-May-14	C125/05/14	March 2016
Policy irregular, fruitless and wasteful expenditure	1	28-May-14	C125/05/14	March 2016
Budget Implementation and Management Policy (Budget policy)	1 and 2	28-May-14	C125/05/14	March 2016
Funding and Reserves policy (was included in Budget policy)	1 and 2	28-May-14	C125/05/14	March 2016
Policy Short and Long term borrowing	1	19-Apr-11	C150/11	March 2016
Financial Management and Revenue Enhancement Strategy policy	1	27-May-15	C99/05/15	March 2016
Policy related to long-term financial planning	1	27-May-15	C99/05/15	March 2016
Infrastructure investment and capital projects policy (included in Budget policy)	1	28-May-14	C125/05/14	March 2016

Explanation numbers

1. These policies are accessible on the Sol Plaatje website: www.solplaatje.org.za.
2. Policy to be approved with budget process 2016/17.

BY - LAWS

SOL PLAATJE MUNICIPALITY

ANNEXURE : BUDGET RELATED BYLAWS

<u>List of Budget related Bylaws</u>	Explanation numbers
Advertising Signs	1
Aerial Systems	1
Animals, Poultry & Bees Control	1
Building Control	1
Caravan Park	1
Cemeteries	1
Electricity	1
Fire Brigade	1
Fireworks	1
Keeping of Dog Control	1
Law Enforcement	1
Property Rates	1
Standing Orders	1
Street Trading Control	1
Swimming Pools	1
Taxi Ranks	1
Water Supply	1

Explanation numbers

1. These bylaws are accessible on the Sol Plaatje website: www.solplaatje.org.za.

M F M A
CIRCULARS

ANNEXURE : MFMA CIRCULARS

1. All MFMA circulars are accessible on the NT website:
www.treasury.gov.za
2. The following MFMA circulars are included in the budget book:

MFMA Circular 76
MFMA Circular 77
MFMA Circular 78
MFMA Circular 79
MFMA Circular 80



Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings

Purpose

The implementation of the Municipal Finance Management Act (MFMA) in all municipalities and entities remains an important strategy to modernise and improve financial management and service delivery. Linked to this strategy are the fundamental principles of effective and efficient utilisation of public resources and transparent and accountable financial management practices.

Whilst many of the reforms that form part of this financial management strategy have commenced in a phased manner, over the last ten years, and much has been done to provide support, training and capacity building, it has become imperative to strengthen the enforcement provisions enabled in the MFMA to respond to various challenges in the sector.

The Auditor-General has highlighted a number of issues in the Consolidated Report on Local Government that include, amongst others, persistent non-adherence to financial management policies and prescripts, as well as the need to improve governance arrangements. A significant number of municipalities have also incurred unauthorised, irregular as well as fruitless and wasteful expenditure and a cursory view suggests that amounts in this regard are increasing year on year.

The MFMA through section 62 sets out the general financial management responsibilities of the accounting officer. The accounting officer is required to take all reasonable steps to ensure that the resources of the municipality are effectively, efficiently and economically utilised and that unauthorised, irregular, fruitless and wasteful expenditure are prevented. In addition, section 62 also obliges the accounting officer to ensure that disciplinary or when appropriate, criminal proceedings are instituted against any official of the municipality who has allegedly committed an act of financial misconduct or an offence in terms of the Act. The same responsibilities have also been placed upon other municipal officials.

To give effect to the priorities outlined in government outcomes, and to address requests to provide further regulations to deal effectively with matters of financial misconduct and to give effect to the concept of consequence management, the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings were promulgated on 31 May 2014 to complement the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) ("MSA") as amended and the regulations issued in terms thereof. These Regulations must be read together when implemented.

Objective and overview

The Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings will support measures to expeditiously address financial misconduct and mismanagement.

The objective of the Regulations is to set out processes and procedures that a municipality and municipal entities must follow when dealing with allegations of financial misconduct. The regulations will apply to all officials and political office bearers within municipalities and municipal entities.

The Financial Misconduct Regulations consist of four chapters. Chapter one contains the definition of terms that are used in the Regulations.

Chapter two deals with the manner in which allegations of financial misconduct should be reported within municipalities and municipal entities including simultaneous reporting of all allegations to the South African Police Services for criminal investigation, the establishment and functioning of the disciplinary board, preliminary and full scale investigations of allegations of financial misconduct and the submission of the necessary reports. The Regulations require that the Board be an independent advisory body that will assist the municipal council or the board of directors of a municipal entity with the investigation of allegations of financial misconduct. The Board will also make recommendations based on the findings of the investigation on further steps to be taken regarding the disciplinary proceedings or any other relevant steps.

Chapter two also provides details with regard to the composition of the Board, including those persons that are disqualified from serving on the board. By disqualifying certain persons on the board, especially political office bearers, the regulations ensure that there is clear separation of responsibilities and accountability between employer and employee. The chapter sets out the manner in which the council or the board of directors must refer allegations of financial misconduct to the Board, and the timeframes within which the Board must initiate investigations. The rationale for the proposed composition of the board was to ensure that there is sufficient skills present to perform the activities of the board. It is also important that appropriately experienced and skilled persons serve on the board to ensure that the board conducts its activities in accordance with the applicable legal framework, thereby making sure that proceedings are procedurally fair. In the event that the Board recommends that the allegation be further investigated by an external investigator, the Regulations provide for the framework within which the external investigator must be appointed. The Regulations further provide for the creation and submission of reports to the council or the board of directors by the external investigator. The investigation must be concluded and a report submitted within 30 days of referral by council or board of directors. The MSA provides for the conclusion of disciplinary proceedings within 90 days.

Chapter three deals with instances where a financial offence has been committed by a political office bearer of the municipality or municipal entity, for purposes of section 173(4) and (5) of the MFMA. The municipality has to deal with the allegations in accordance with the procedure set out in item 13 of Schedule 1 of the MSA, if the alleged financial offence also amounts to a breach of the Code of Conduct for Councillors. In the case of municipal entities, the entity must deal with the allegation in terms of section 93L of the MSA, if the alleged financial offence also amounts to a breach of the Code of Conduct applicable to directors of a municipal entity.

Chapter four of the Regulations makes provision for the Minister of Finance and the MEC's for Finance in the provinces to receive investigation reports and an information document that clearly sets out the name and position of the alleged wrongdoer, a summary of the facts

of the allegation, including the monetary value involved, any disciplinary steps taken or to be taken against the alleged wrongdoer, or if no disciplinary steps have been taken, the reason for such a decision. The MEC for Finance, the National Treasury or the Provincial Treasury may intervene by directing that an allegation be investigated if the council or board of directors has failed to act on allegations or recommendations.

In the event that an alleged wrongdoer resigns whilst disciplinary proceedings are ongoing, all investigations including disciplinary proceedings should continue against the alleged wrongdoer in his or her absence. This will ensure that cases do not unnecessarily stall to frustrate proceedings. It will however be important in this instance to ensure that the method of delivering the notice of suspension setting out particulars of the allegation and plans to investigate is appropriate to prove receipt thereof by the recipient. This is usually done via registered post.

Process initiated before the promulgation of the Regulations

If an allegation was reported before the promulgation of the regulations, municipalities should deal with it in terms of the law that was applicable at the time the offence was committed. The parties can however agree to utilise the regulations provided that there is written agreement to that effect.

Process to follow after the promulgation of the Regulations

If an allegation is reported after 1 July 2014, the provisions of the regulations will have to be fully implemented.

Synergy with other local government reforms

The Minister of Cooperative Governance and Traditional Affairs promulgated Disciplinary Regulations for Senior Managers in terms of the MSA. These Regulations are limited in their application as they deal with general acts of misconduct and not financial misconduct for purposes of the MFMA, and they apply to accounting officers and section 56 managers in municipalities, only.

The processes to be followed are now interlinked, as the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings deal with processes and procedures regarding the reporting of allegations of financial misconduct and financial offences and any internal investigations to be undertaken and the conclusion thereof.

Disciplinary proceedings will be dealt with in terms of the Disciplinary Regulations for Senior Managers or the collective bargaining agreement between the South African Local Government Association (SALGA) and relevant municipal unions. All issues that are not covered in the Disciplinary Regulations for Senior Managers relating to financial misconduct will be dealt with in terms of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings. The Regulation also reinforces the prohibition of employment of officials found guilty of financial misconduct for a period of 10 years in the local sphere of government.

The Regulations, therefore, provide a framework that is consistent with the provisions of the MSA and MFMA. The effective implementation of these Regulations is intended to address the current gaps identified. Please refer to the step-by-step flowchart attached as annexure A which explains the process.

Clarification of overall intention and spirit of the regulations

Section 40 of the Constitution of the Republic of South Africa provides that government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated. Furthermore, section 41 of the Constitution goes further by requiring that each sphere of government and all organs of state must, amongst others, co-operate with one another in mutual trust and good faith by informing one another of, and consulting one another on matters of common interest and to avoid legal proceedings against one another. In addition, section 151(4) of the Constitution provides that national and provincial government may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions.

The regulations in no way impede on the executive authority of municipalities or on their ability to make decisions and it is important to note that accountability to make decisions and take action with regard to allegations of financial misconduct still vests with the municipal council or the board of directors in case of municipal entities. Therefore, the secondary and complementary part is when Council or municipal officials do not act within a reasonable time as stipulated in the regulations, then there are options for the provincial or national treasuries to act as part of our system of cooperative governance as this relates to matters of public resources and public funds. Municipalities can also strengthen current council policies dealing with disciplinary matters to clearly stipulate the decision making powers of council and other relevant municipal structures.

The regulations provide for the disciplinary board to conduct a preliminary investigation into the allegation and if need be, a full investigation to determine the merit of a specific allegation. The disciplinary board does not necessarily have to conduct such investigations itself. A disciplinary board can request existing structures within the municipality, province or national government to conduct such investigations and provide the necessary reports with recommendations. For this purpose the accounting officer should ensure that a delegation is in place to ensure operational efficiency and effectiveness.

Clarification of specific provisions within the regulations

Regulation 3(1) sets out the reporting lines for allegations of financial misconduct against officials in municipalities and municipal entities. Specifically, regulation 3(1)(a) sets out the reporting lines for allegations of financial misconduct against the accounting officer, chief financial officer and a senior manager within municipalities. Regulation 3(1)(b) sets out the reporting lines for allegations of financial misconduct against "all officials other than the accounting officer" of a municipality. The term 'official' is defined in the MFMA to include an employee of a municipality or municipal entity. If we apply the definition to specifically regulation 3(1)(b), the implication is that the same officials who are covered under regulation 3(1)(a), namely the chief financial officer and senior managers, will also be covered under regulation 3(1)(b). The reporting of allegations against the chief financial officer and senior managers must be done under regulation 3(1)(a).

The regulations provide for a full blown investigation to be conducted when the preliminary investigation warrants such a step. Specifically, regulation 6(8) guides the municipal council or board of directors on how to proceed when the investigator's report recommends that disciplinary processes be instituted against the alleged wrongdoer. Regulation 6(8) therefore provides the synergy with existing reforms and it also gives effect to section 171(4)(b) of the MFMA. Section 171(4)(b) provides that a municipality must, if the investigation warrants such a step, institute disciplinary proceedings against the accounting officer, chief financial

officer or that senior manager or other official in accordance with systems and procedures referred to in section 67 of the MSA, read with schedule 2 of that Act. The intention behind regulation 6(8) was therefore to give effect to section 171(4)(b) of the MFMA, hence the cross-reference to the MSA regulations in relation to senior managers and the collective bargaining agreement for officials below senior management as acknowledged in section 67 of the MSA.

Section 57A(3) of the MSA provides that any staff member dismissed for financial misconduct contemplated in section 171 of the MFMA, corruption or fraud, may not be re-employed in any municipality for a period of ten years. The intention with regulation 6(9) is to re-enforce the provisions of section 57A(3) of the MSA.

Regulation 9(1) specifies the reporting lines for allegations of financial offences against councillors and members of the board of directors in municipal entities. Please note that the reporting lines for officials in municipalities and municipal entities are already clearly spelt in regulation 3(1), hence it was not repeated in regulation 9(1). Therefore, allegations of financial offences against officials in municipalities and municipalities must be reported as per the reporting lines in regulation 3(1).

Whilst the majority of actions by councillors or members of the board of directors in municipal entities will fall within the ambit of the Code of Conduct for Councillors or members of the board of directors, there will also be instances where the actions of councillors or members of the board of directors will fall outside their respective Codes of Conduct. It is important to note that chapter 3 of the regulations deals with two scenarios, namely, (1) where the actions of the councillor or member of the board of directors for purposes of section 173 of the MFMA also breach their respective Codes of Conduct and (2) where their actions do not breach their respective Codes of Conduct. The intention behind regulations 11 and 12 was to provide municipal councils and board of directors of municipal entities clarity on proceeding in cases where the actions of their members do not breach their respective Codes of Conduct. In this way, all roles currently created or existing under the Code of Conduct for Councillors i.e. Speaker and Mayors, will be acknowledged whenever allegations are dealt with in terms of the Code of Conduct for Councillors.

Regulations 11 and 12 require the appointment of a designated official who will receive, investigate and report on allegations of financial offences against the councillors and members of the board of directors in municipal entities. It was left to the municipal council or the board of directors (in cases of municipal entities) to decide and nominate for themselves who this person will be, given that this aspect is only applicable where the allegation is against a councillor or a member of the board of directors.

Regulation 19 allows the National or Provincial Treasury to intervene and direct that allegations be investigated in cases where a municipality, a municipal entity or a designated official fails to act on such allegations. It is important in this instance to understand the context within which the term 'intervention' is used. The term 'intervention', for purposes of the regulations, is used within the context of instances where the municipal council fails to act on allegations of financial misconduct as defined in section 171 and 172 of the MFMA. It is not used within the context of section 139 of the Constitution of the Republic of South Africa.

To improve transparency, provision has also been made in the Regulations for municipalities and municipal entities to report on all suspensions, disciplinary or criminal proceedings instituted in their annual report.

As part of the normal municipal audit cycle, the auditor-general audits compliance with laws and regulations. It therefore follows that during the 2014/15 financial year municipal audit, the auditor-general will audit whether allegations of financial misconduct and financial offences were dealt with in terms of the financial misconduct regulations. It is therefore important for accounting officers to introduce appropriate tracking mechanisms which will ensure that allegations are appropriately dealt with and that relevant documents are safeguarded.

Municipal Public Accounts Committee and the Disciplinary Board and other committees within municipalities

During the countrywide workshops on the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings there were discussions around the potential conflict or duplication of functions between the Municipal Public Accounts Committee (MPAC) and the Disciplinary Board (DC Board) in so far as it relates to the council committee appointed in terms of section 32(2) of the MFMA to investigate the recoverability of irregular expenditure. Whilst we have taken note of the arguments raised in support of this assertion, the clarification provided below should clear any confusion which might exist in this regard.

In August 2011, the National Treasury and the Department of Cooperative Governance and Traditional Affairs jointly issued a guide on the establishment of MPACs'. This guide explicitly stated that the MPAC, once established, is a committee that will exercise oversight over the executive obligations of the municipal council. The MPAC is therefore the equivalent of the section 79 council committee in terms of the Municipal Structures Act which will assist council with its oversight responsibilities. In terms of the guide council can also assign certain investigation powers to the MPAC.

Section 32(2) of the MFMA states that a municipality must recover, amongst others, irregular expenditure unless it is certified, after an investigation by a council committee, as irrecoverable and be written off. We have noted that in most instances municipalities utilise the MPAC for purposes of MFMA section 32 investigations. It is therefore clear that the role of the MPAC for purposes of section 32(2) is limited to investigating the recoverability of the irregular expenditure.

The Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings makes provision for the establishment of a Disciplinary Board which will receive and investigate allegations of financial misconduct within municipalities. It is important to note that this board is made up of municipal officials and external representatives. Councillors are however prohibited from serving on this board. The main purpose of this board is to assist the Accounting Officer to discharge his or her responsibility to institute disciplinary proceedings against officials who commit acts of financial misconduct.

It is clear that both structures have different functions within the municipalities and their representation is also fundamentally different in that the MPAC consists solely of councillors whereas the DC Board is made up of officials. However, in the unlikely event that there is a duplication of functions, we suggest that the respective terms of reference be amended to ensure that all the investigative powers relating to allegations of financial misconduct vest solely with the DC Board.

The same argument is also relevant to the utilisation of the audit committee for purposes of the investigation of allegations of financial misconduct. The audit committee consists solely of external persons whereas the disciplinary board is composed of municipal officials and only one member of the audit committee.

Although section 166 of the MFMA allows council to provide the audit committee with some investigative powers, it is our understanding that the nature of such investigation is normally from an institutional perspective whereas the nature of the disciplinary board investigation relates to the conduct of individuals within the municipality. Municipalities and municipal entities are required to utilise the disciplinary board as a regulated structure to dispense with these matters and to make recommendations to Council for final decisions. This will also assist during the external auditor, performed by the Auditor-General.

Names of provincial officials responsible for monitoring implementation of regulations

Although the regulations were promulgated by the Minister of Finance, the MFMA does assign oversight responsibilities to the provincial treasuries through the MEC's for Finance to oversee the implementation of the Act in their respective provinces. It is for this reason that officials have been identified who will assist with the monitoring responsibilities of the implementation of the regulations. Monitoring will entail, regular follow up by provincial officials on status of allegations, actions taken, reports produced, council resolutions and propose interventions, to the MEC for Finance where actions are not taken in terms of the regulations. The provincial treasuries will maintain a database of all allegations against officials and all those found guilty of financial misconduct. Regular feedback must also be provided to the respective provincial legislatures to enable oversight over municipalities. This information will be shared with other government departments who have other legislated responsibilities in this regard. These persons will also be the first line of support in the provinces should municipalities or municipal entities need any assistance with regard to the implementation of the regulations. Please see below names of provincial officials responsible for monitoring implementation of these regulations:

Name	Province	E-mail Address	Office number
Ndomelele Madyibi	Eastern Cape	Ndomelele.Madyibi@treasury.ecprov.gov.za	(040) 101-0288
Seabata Mokhele	Free State	mokheles@treasury.fs.gov.za	(051) 405-4784
Seipati Tsiu	Gauteng	Seipati.tsiu@gauteng.gov.za	(011) 227-9063
Phehello Maloi	KZN	Phehello.Maloi@kzntreasury.gov.za	(033) 897-4664
JN Raphela	Limpopo	RaphelaJN@treasury.limpopo.gov.za	(015) 291-8444
Nimrod Hlabane	Mpumalanga	nhlabane@mpg.gov.za	(013) 766-8713
Philip Seane	Northern Cape	pseane@ncpg.gov.za	(053) 836-3000
Sello Makwepa	North West	smokwepa@nwpg.gov.za	(018) 388-4070
Bazil Vink	Western Cape	Bazil.Vink@westerncape.gov.za	(021) 483-6646

Conclusion

It is important that the accounting officer ensures that this Circular together with the Regulations is brought to the attention of the Municipal Council and other relevant officials within municipalities and municipal entities.

In order to better support the implementation of the regulations, the National Treasury has developed a process flowchart which explains step-by-step process to be followed. The flowchart is attached as annexure A. This Circular should be communicated within the municipality and especially to the senior manager responsible for Human Resources, Chief Finance Officer and Internal Audit to enable implementation and improvements to processes.

All requests for assistance should be addressed to the postal details below or email mfma@treasury.gov.za

Office of the Accountant-General
Private Bag X115
Pretoria
0001

Contact



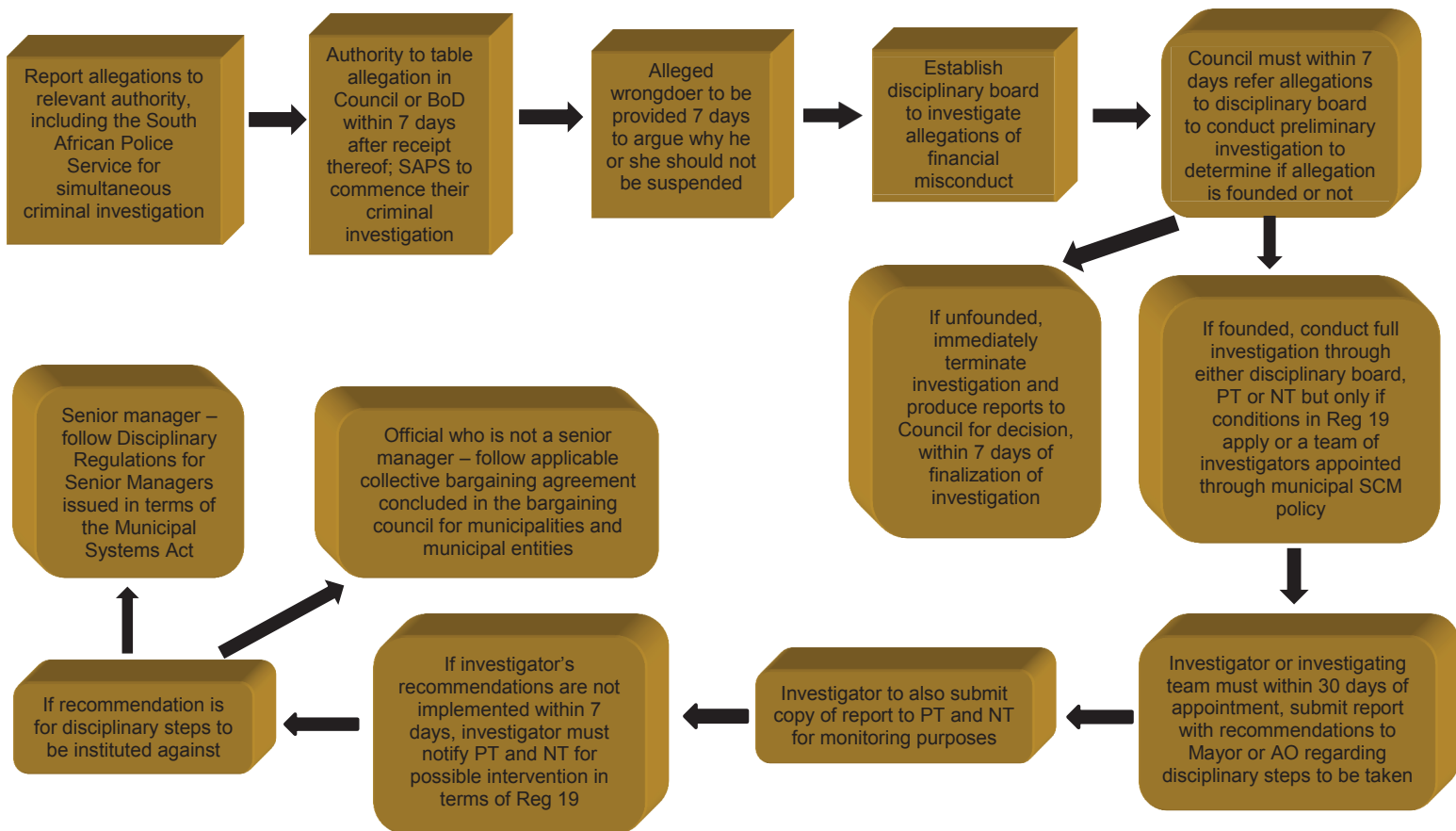
<i>Post</i>	Private Bag X115, Pretoria 0001
<i>Phone</i>	012 315 5850
<i>Fax</i>	012 315 5230
<i>Email – General</i>	<u>mfma@treasury.gov.za</u>
<i>Website</i>	<u>www.treasury.gov.za/mfma</u>

TV PILLAY
CHIEF DIRECTOR: MFMA IMPLEMENTATION
19 October 2015

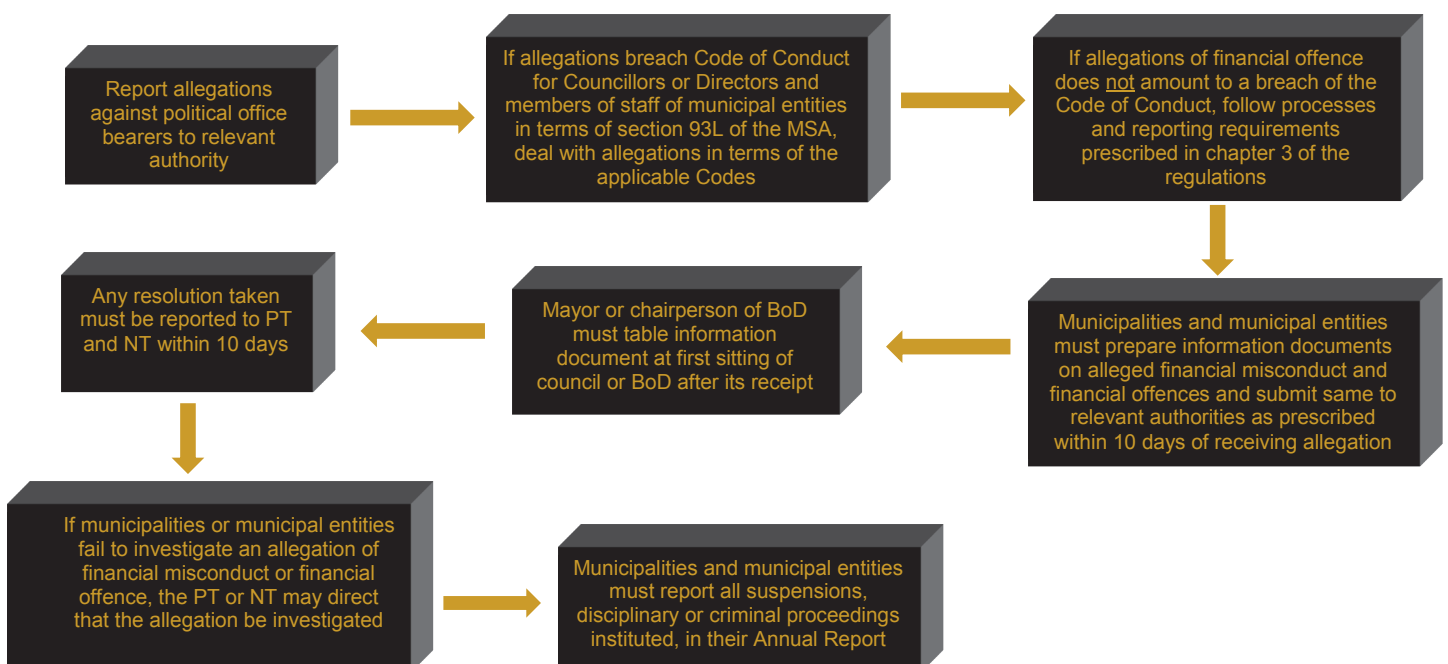
Annexure A: Flowchart aligning processes in the MFMA and MSA

PROCESS TO IMPLEMENT FINANCIAL MISCONDUCT REGULATIONS

PROCESS FOR OFFICIALS



PROCESS FOR POLITICAL OFFICE BEARERS





Model SCM Policy for Infrastructure Procurement and Delivery Management

Purpose

The purpose of this Circular is to provide guidance to municipalities and municipal entities to establish a suitable supply chain management system for infrastructure delivery which is better able to deliver value for money, while minimizing the scope for corruption. The attached *Model SCM Policy for Infrastructure Procurement and Delivery Management* (Annexure A) is issued in terms of Section 168 of the Municipal Finance Management Act of 2003 (Act No. 56 of 2003) in support of Regulation 3(2) of the Supply Chain Management Regulations as a Treasury guideline determining a standard for municipal supply chain management policies. It is linked to the *National Treasury Standard for Infrastructure Procurement and Delivery Management* (see Annexure B) which establishes:

- (a) a control framework for the planning, design and implementation of infrastructure projects and infrastructure procurement
- (b) requirements for the following matters as applied to the supply chain management system for infrastructure delivery:
 - institutional arrangements;
 - demand management;
 - acquisition management;
 - contract management;
 - logistics management;
 - disposal management;
 - reporting of supply chain management information;
 - regular assessment of supply chain management performance; and
 - risk management and internal control; and
- (c) minimum requirements for infrastructure procurement.

This standard for municipal supply chain management policies relating to infrastructure procurement and delivery management, or any modified version of it, when adopted will assist municipalities and municipal entities to better plan and obtain the necessary value for money when undertaking infrastructure projects.

Background and Discussion

The South African Planning Commission's National Development Plan 2030: *Our future – make it work* proposes that the following five areas be focused on in designing a procurement system that is better able to deliver value for money, while minimizing the scope for corruption:

- (a) differentiate between the different types of procurement which pose different challenges and require different skills sets;
- (b) adopt a strategic approach to procurement above the project level to balance competing objectives and priorities rather than viewing each project in isolation;
- (c) build relationships of trust and understanding with the private sector;
- (d) develop professional supply chain management capacity through training and accreditation; and
- (e) incorporate oversight functions to assess value for money.

National Treasury's 2015 Public Sector Supply Chain Management Review expresses the view that supply chain management (SCM) is one of the key mechanisms enabling government to implement policy which traditionally has been misunderstood and undervalued. This Review, which identified the need for SCM reform, suggests that if such reforms are implemented as envisaged in terms of section 217 of the Constitution, the benefits will be enormous and include amongst other:

- (a) good-quality service delivery will be increasingly possible, with significant improvements in the welfare of South Africa's citizens and especially the poor who rely heavily on government for support;
- (b) the economy will grow as economic infrastructure is expanded and efficiently maintained;
- (c) goods, services and infrastructure will be bought at lower costs;
- (d) innovation will result in different approaches to the commodities used in some sectors; and
- (e) for suppliers, the cost of doing business with the state should decrease substantially.

Municipal procurement that is unrelated to infrastructure delivery typically relates to goods and services that are standard, well-defined and readily scoped and specified. Once purchased, goods invariably need to be taken into storage prior to being issued for use. Services most often involve routine, repetitive services with well understood interim and final deliverables which do not require strategic inputs or require decisions to be made regarding the fitness for purpose of the service outputs.

In contrast, procurement relating to the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure covers a wide and diverse range of goods and services, which are required to provide or alter the condition of immovable assets on a site. Accordingly, the procurement process for the delivery of infrastructure involves the initial and subsequent recurring updating of planning processes at a portfolio level flowing out of an assessment of public sector service delivery requirements or business needs. Thereafter it involves planning at a project level and the procurement and management of a network of suppliers, including subcontractors to produce a product on a site. There is no need to store and issue materials or equipment unless these are issued to employees responsible for the maintenance or operation of infrastructure, or are issued free of charge to contractors for incorporation into the works.

The *National Treasury Standard for Infrastructure Procurement and Delivery Management*, if adopted, enables a municipal council to separate the supply chain management requirements for general goods and services from those for infrastructure delivery. (*Infrastructure delivery* is the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure).

Underlying the separation of the supply chain management systems is the notion that the effective and efficient functioning of the supply chain management system for infrastructure delivery will realise value for money and good-quality service delivery. Value for money may be regarded as the optimal use of resources to achieve the intended outcomes. Underlying value for money is an explicit commitment to ensure that the best results possible are obtained from the money spent or maximum benefit is derived from the resources available.

Conclusion

This MFMA circular provides the basis for municipalities and municipal entities to establish an appropriate supply chain management system for infrastructure delivery.

Accounting officers of municipalities and municipal entities are therefore advised to bring the contents of this Circular to the attention of their respective municipal councils and amend and align their SCM policies accordingly. Municipalities and municipal entities are advised to customize the model policy to suit the specific needs of its environment before tabling in the municipal council for adoption.

Enquiries relating to this Circular and its attachments may be directed as follows:

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Chief Procurement Officer

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National Treasury

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TV PILLAY

Chief Director: MFMA Implementation

26 October 2015

Annexure A: Model SCM Policy for Infrastructure Procurement and Delivery Management
Annexure B: Standard for Infrastructure Procurement and Delivery Management



October 2015

Model SCM Policy for Infrastructure Procurement and Delivery Management

*for use by organs of state which are subject to the **Local Government Municipal Finance Management Act***

MFMA Circular No 77: Model SCM Policy for Infrastructure Delivery Management provides guidance to municipalities and municipal entities on the establishment of a suitable supply chain management system for infrastructure delivery which is better able to deliver value for money, while minimizing the scope for corruption. The *Model SCM Policy for Infrastructure Delivery Management* which is attached to this circular is issued in terms of Section 168 of the Municipal Finance Management Act of 2003 in support of Regulation 3(2) of the MFMA Supply Chain Management Regulations as a Treasury guideline determining a standard for municipal supply chain management policies. It is linked to the *National Treasury Standard for Infrastructure Procurement and Delivery Management* which establishes:

- a) requirements for the following matters as applied to the supply chain management system for infrastructure delivery:
 - institutional arrangements;
 - demand management;
 - acquisition management;
 - contract management;
 - logistics management;
 - disposal management;
 - reporting of supply chain management information;
 - regular assessment of supply chain management performance; and
 - risk management and internal control; and
- b) a control framework for the planning, design and implementation of infrastructure projects and infrastructure procurement.

This standard for municipal supply chain management policies relating to infrastructure procurement and delivery management, or any modified version of it, when adopted will assist municipalities and municipal entities to better plan and obtain the value for money when undertaking infrastructure projects.

Supply chain management may be defined as *“the design, planning, execution, control and monitoring of supply chain activities in the delivery of goods, services or any combination thereof”*. On the other hand infrastructure is defined as *“immovable assets which are acquired, constructed or which results from construction operations or moveable assets which cannot function independently from purpose built immovable assets”* while infrastructure delivery is defined as *“the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure.”* Accordingly, infrastructure delivery management is the supply chain management system for infrastructure.

This policy is aligned with the Supply Chain Management Regulations issued in terms of the Local Government: Municipal Finance Management Act of 2003.

There are unavoidably duplications in supply chain management policies for general goods and services and those for infrastructure delivery management arising from not only regulatory requirements but also an overlap in support functions such as the receipt of bids and advertising of bids. This model policy document may accordingly be issued as a stand-alone policy or as a policy which is supplementary to a municipality's or municipal entity's supply chain management system for general goods and services. Where it is issued as a supplementary policy, text should be replaced with cross references to the overarching policy.

The approach to procurement documentation is significantly different between general goods and services and infrastructure delivery. Documents for general goods and services, are based on the National Treasury General Conditions of Contract (GCC) which focuses on the rights and obligations of the parties in a generic manner and also deals with aspects of the bidding processes. This GCC requires that goods conform to the standards mentioned in the bidding documents and specifications and is used with standard bidding documents which include an invitation to bid, price schedules, local content, certificate of bid independence, declaration of bidders past SCM practices etc. Accordingly, the major variables between documents are the specifications or terms of reference and the evaluation criteria which ensures that bids are awarded on the basis of the lowest price for meeting a minimum standard. Contracts or service level agreements are frequently negotiated after the award of the bid.

In contrast, infrastructure procurement documents are based on a standard approach to the formatting and compilation of procurement documents used in conjunction with flexible standard conditions for the calling for an expression of interest and conditions of tender and a standard form of contract selected from a prescribed list. These standard forms of contract permit different allocations of risk to the parties to a contract and a wide range of pricing strategies to be pursued. This approach to procurement documentation enables procurement strategy and tactics to be exercised both in the awarding and in the performance of a contract in order to realise best value for money outcomes. Very seldom are material changes made in the draft contract which is issued to tenderers during the process of offer and acceptance as the offer is based on the selected allocation of risks and pricing strategies.

There are accordingly significant differences in the approach to bid specification and bid evaluation committees between the SCM system for general goods and services and that for infrastructure as a very different skills sets coupled with contextual knowledge is required. On the other hand, the bid adjudication committee is a governance committee which can deal with submissions emanating from both supply chains. (In any event, in most of the smaller organisations, the membership of this committee would probably not differ significantly if separate bid adjudication committees are established for the different supply chains.)

In order to distinguish between committees used in the two supply chain management systems, the terms procurement documentation, evaluation and tender committee are used in this document for the corresponding bid specification, bid evaluation and bid adjudication committees referred to in Treasury Regulations.

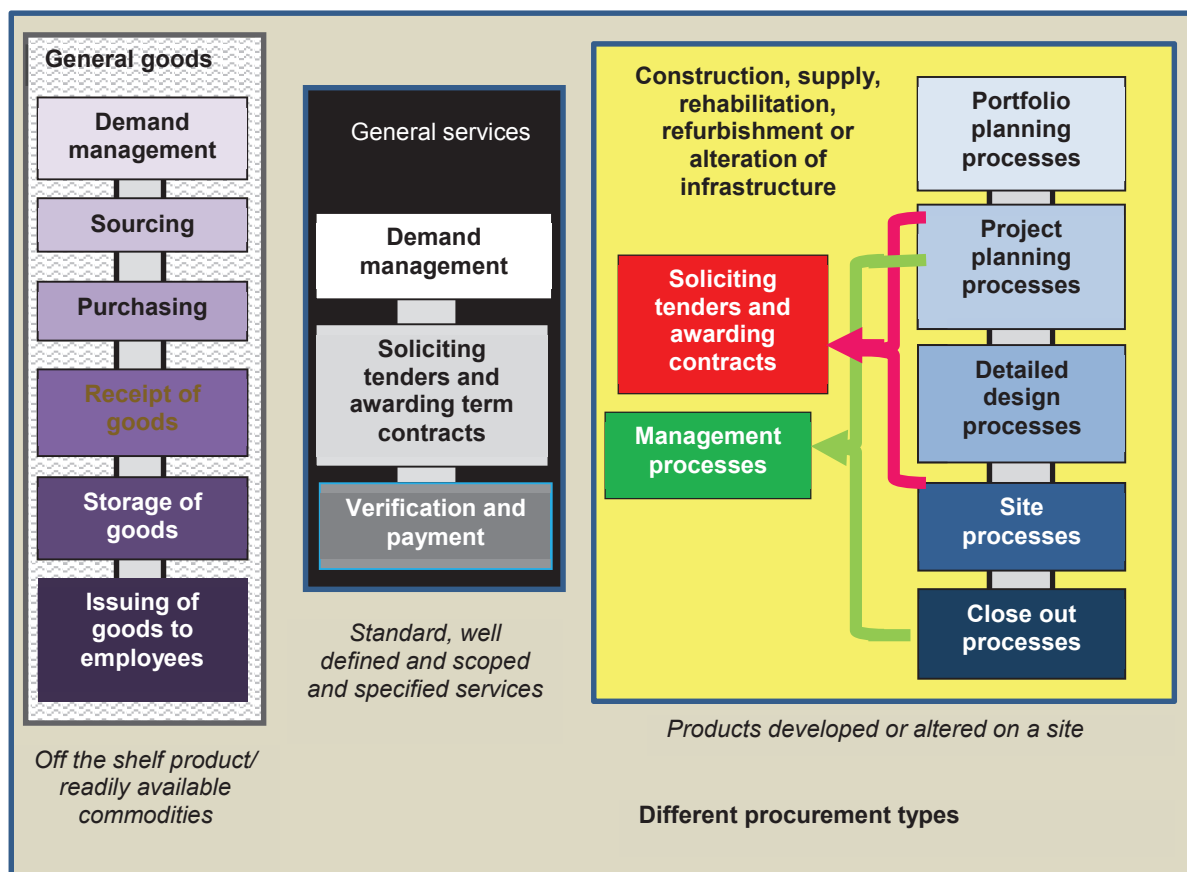
All text in square brackets needs to be populated with the correct data. All footnotes need to be deleted following the completion of the document.

Those responsible for putting in place the municipality's or municipal entity's policy need to review this model policy to ensure that it meets the needs of the municipality or municipal entity and adapt it as necessary so that the policies for both supply chain management systems are aligned.

The Supply Chain Management Regulations issued in terms of the MFMA permit the accounting officer (municipal manager or chief executive) to make use of any Treasury guidelines determining standards for municipal supply chain management policies and to submit to the council or board of directors that guideline standard, or any modified version as a draft policy (see Regulations 2 and 3). The Regulations furthermore require the municipal manager or chief executive to report any deviation from the guideline standard to the National Treasury and the relevant provincial treasury. Accordingly, all departures from this model policy and the *Standard for Infrastructure Procurement and Delivery Management* which is embedded within the policy must be reported to the relevant treasury.

Preface

Public procurement that is unrelated to infrastructure delivery typically relates to goods and services that are standard, well-defined and readily scoped and specified. Once purchased, goods invariably need to be taken into storage prior to being issued to employees. Services most often involve routine, repetitive services with well understood interim and final deliverables which do not require strategic inputs or require decisions to be made regarding the fitness for purpose of the service outputs.



In contrast, procurement relating to the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure covers a wide and diverse range of goods and services, which are required to provide or alter the condition of immovable assets on a site. Accordingly, the procurement process for the delivery of infrastructure involves the initial and subsequent recurring updating of planning processes at a portfolio level flowing out of an assessment of public sector service delivery requirements or business needs. Thereafter it involves planning at a project level and the procurement and management of a network of suppliers, including subcontractors, to produce a product on a site. There is no need to store and issue materials or equipment unless these are issued to employees responsible for the maintenance or operation of infrastructure, or are issued free of charge to contractors for incorporation into the works.

Procurement is *the process which creates, manages and fulfils contracts*. Procurement deals with activities surrounding contracts. Such processes focus on establishing what is to be procured, developing a procurement strategy, producing procurement documentation, soliciting and evaluating tender offers, awarding of contracts and administering contracts. On the other hand, supply chain management (SCM) is *the design, planning, execution, control and monitoring of supply chain activities in the delivery of goods, services or any combination thereof*. Supply chains comprise all those public and private entities that are involved in delivering the inputs, outputs and outcomes of projects. Accordingly, supply chain management is concerned with the oversight, co-ordination and monitoring of inputs, outputs and outcomes of projects from the various entities within a supply chain.

Infrastructure is defined as “*immovable assets which are acquired, constructed or which results from construction operations or moveable assets which cannot function independently from purpose built immovable assets*” while infrastructure delivery is defined as “*the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure.*” Accordingly, infrastructure delivery management contextualises the supply chain management system for infrastructure.

Understandably, there are several overlaps between the supply chain management system for general goods and services and that for infrastructure delivery management. However, the inclusion of control frameworks in the Standard for Infrastructure Procurement and Delivery Management is aimed at expenditure control and a reduction in the gap between what is planned and budget for and what is delivered to ensure that value for money is achieved.

The primary purpose of this document is to embed an infrastructure delivery management system for *[name of municipality or municipal entity]* which is aligned with the regulatory framework for public sector procurement, supply chain management and expenditure control. It also enables the National Treasury Standard for Infrastructure Procurement and Delivery Management to be implemented.

***[name of municipality or municipal entity]*'s SCM Policy for Infrastructure procurement and delivery management**

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1 Scope

This policy establishes the *[name of municipality or municipal entity]*'s policy for infrastructure procurement and delivery management in accordance with the provisions of the regulatory frameworks for procurement and supply chain management. It includes the procurement of goods and services necessary for a new facility to be occupied and used as a functional entity but excludes:

- a) the storage of goods and equipment following their delivery to *[name of municipality or municipal entity]* which are stored and issued to contractors or to employees;
- b) the disposal or letting of land;
- c) the conclusion of any form of land availability agreement;
- d) the leasing or rental of moveable assets; and
- e) public private partnerships.

2 Terms, definitions and abbreviations

2.1 Terms and definitions

For the purposes of this document, the definitions and terms given in the standard and the following apply:

agent: person or organization that is not an employee of *[name of municipality or municipal entity]* that acts on the *[name of municipality or municipal entity]*'s behalf in the application of this document

authorised person: the municipal manager or chief executive or the appropriately delegated authority to award, cancel, amend, extend or transfer a contract or order

conflict of interest: any situation in which:

- a) someone in a position of trust has competing professional or personal interests which make it difficult for him to fulfil his duties impartially,
- b) an individual or organization is in a position to exploit a professional or official capacity in some way for his personal or for corporate benefit, or
- c) incompatibility or contradictory interests exist between an employee and the organization which employs that employee

contract manager: person responsible for administering a package on behalf of the employer and performing duties relating to the overall management of such contract from the implementer's point of view

family member: a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption

framework agreement: an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

gate: a control point at the end of a process where a decision is required before proceeding to the next process or activity

gateway review: an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based

gratification: an inducement to perform an improper act

infrastructure delivery: the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

infrastructure procurement: the procurement of goods or services including any combination thereof associated with the acquisition, renovation, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

maintenance: the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function

operation: combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use

order: an instruction to provide goods, services or any combination thereof under a framework agreement

organ of state: an organ of state as defined in section 239 of the Constitution of the Republic of South Africa

procurement document: documentation used to initiate or conclude (or both) a contract or the issuing of an order

principal: a natural person who is a partner in a partnership, a sole proprietor, a director a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporation Act, 1984, (Act No. 69 of 1984)

standard: the latest edition of the Standard for Infrastructure Procurement and Delivery Management as published by National Treasury

working day: any day of a week on which is not a Sunday, Saturday or public holiday

2.2 Abbreviations

For the purposes of this document, the following abbreviations apply

CIDB: Construction Industry Development Board

SARS: South African Revenue Services

3 General requirements¹

3.1 Delegations

3.1.1 The *[council or board of directors]* of *[name of municipality or municipal entity]* hereby delegates all powers and duties to the *[municipal manager or chief executive]* which are necessary to enable the *[municipal manager or chief executive]* to:

- a) discharge the supply chain management responsibilities conferred on accounting officers in terms of Chapter 8 or 10 of the Local Government Municipal Finance Management Act of 2003 and this document;
- b) maximise administrative and operational efficiency in the implementation of this document;
- c) enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this document; and

¹ This clause is required to ensure that the standard is linked to the policy and aligned with the MFMA SCM Regulations.

- d) comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Local Government Municipal Finance Management Act of 2003 Act.

3.1.2 No departure shall be made from the provisions of this policy without the approval of the [municipal manager or chief executive] Of [name of municipality or municipal entity]²

3.1.3 The [municipal manager or chief executive] shall for oversight purposes:

- a) within 30 days of the end of each financial year, submit a report on the implementation of this the policy and the equivalent policy of any municipal entity under the sole or shared control of the [name of municipality], to the council of the [name of municipality]³ / within 20 days of the end of each financial year, submit a report on the implementation of this policy to the board of directors, who must then submit the report to the municipal manager of [name of parent municipality] for submission to the council;
- b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the [council ⁴/ board of directors], who must then submit the report to the municipal manager of [name of municipality] for submission to the council;
- c) within 10 days of the end of each quarter, submit a report on the implementation of the policy to the [mayor / board of directors; and
- d) make the reports public in accordance with section 21A of the Municipal Systems Act of 2000.

3.2 Implementation of the Standard for Infrastructure Procurement and Delivery Management

3.2.1 Infrastructure procurement and delivery management shall be undertaken in accordance with the all applicable legislation and the relevant requirements of the latest edition of the National Treasury Standard for Infrastructure Procurement and Delivery Management.⁵

3.2.2 Pre-feasibility and feasibility reports are required on⁶

3.2.3 Stage 3 to 7 are required for⁷

3.3 Supervision of the infrastructure delivery management unit⁸

The Infrastructure Delivery Management Unit shall be directly supervised by the [chief financial officer / person delegated in terms of section 82 of the MFMA].

3.4 Objections and complaints⁹

² SCM Regulation 36 of the MFMA permits deviations from, and ratification of minor breaches or procurement processes.

³ Delete text after / in the case of a municipality and the text before the / in the case of a municipal entity.

⁴ Delete text after / in the case of a municipality and the text before the / in the case of a municipal entity.

⁵ Any deviation to the provisions of this standard must be reported to National Treasury and the relevant treasury.

⁶ Sub-clause 4.1.1.4 c) of the standard permits an organ of states' policy to require that pre-feasibility and feasibility reports are required, notwithstanding the test provided for in this sub-clause to determine if such reports are required. The compiler of the policy needs to delete this sub-clause if it is not required.

⁷ Sub-clause 4.1.1.1 of the standard permits stages 3 to 9 where the work does not involve the provision of new infrastructure or the rehabilitation, refurbishment, alteration of existing infrastructure. Stages 5 and 6 to be omitted where there is sufficient information to proceed to stage 7 is contained in the stage 4 deliverable. The policy may require that certain types of work (e.g. specific types of maintenance) need to pass through all the stages. If this is the case, the policy may require the application of all the stages for specific types of projects. The compiler of the policy needs to delete this sub-clause if it is not required.

⁸ SCM Regulation 7 which is issued in terms of the MFMA requires each municipality to establish a supply chain management unit to implement its supply chain management policy, which where possible, should operate under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of Section 82 of the MFMA. There are benefits in establishing SCM units for general goods and services and infrastructure and to delegate the supervision to a person other than the chief financial officer.

⁹ This clause aligns with SCM Regulation 49 issued in terms of the MFMA.

Persons aggrieved by decisions or actions taken in the implementation of this policy, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

3.5 Resolution of disputes, objections, complaints and queries¹⁰

3.5.1 The *[municipal manager, chief executive or delegated person]* shall appoint an independent and impartial person, not directly involved in the infrastructure delivery management processes to assist in the resolution of disputes between the *[municipality / municipal entity]* and other persons regarding:

- a) any decisions or actions taken in the implementation of the supply chain management system;
- b) any matter arising from a contract awarded within the *[name of municipality / municipal entity]*'s infrastructure delivery management system; or
- c) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.

3.5.2 The *[designated person]* shall assist the person appointed in terms of 3.5.1 to perform his or her functions effectively.

3.5.3 The person appointed in terms of 3.5.1 shall:

- a) strive to resolve promptly all disputes, objections, complaints or queries received; and
- b) submit monthly reports to the *[municipal manager / chief executive]* on all disputes, objections, complaints or queries received, attended to or resolved.

3.5.4 A dispute, objection, complaint or query may be referred to the *[name of applicable treasury]* if:

- a) the dispute, objection, complaint or query is not resolved within 60 days; or
- b) no response is forthcoming within 60 days.

3.5.5 If the *[name of applicable provincial treasury]* does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

4 Control framework for infrastructure delivery management¹¹

4.1 Assignment of responsibilities for approving or accepting end of stage deliverables¹²

The responsibilities for approving or accepting end of stage deliverables shall be as stated in Table 1.

4.2 Additional gates¹³

The following additional gates shall apply:

¹⁰ This clause aligns with SCM Regulation 50 issued in terms of the MFMA.

¹¹ This clause is required to ensure compliance with the requirements of the standard.

¹² The terms "approve" and "accept" have the meanings "officially agree to" and "receive as adequate, valid, or suitable give an affirmative answer to a proposal", respectively. Approvals will typically take place at a senior management level whilst acceptances can be made at a lower level. Approvals and acceptances can be granted by individuals or committees.

Where a municipality or municipal entity implements a project on behalf of an organ of state, acceptance / approval of end of stage deliverables may have to be granted in consultation with such an organisation. Alternatively it may be assigned to a party to an agency agreement developed in accordance with the provisions of clauses 5.2 of the standard. As a result, Table 1 may have to differentiate between own infrastructure and client institution's infrastructure. It may also have to differentiate between the value and type of projects.

¹³ Clause 4.1.1.7 of the standard permits the inclusion of additional gates, if deemed necessary. This is an optional provision. The compiler of the policy should either delete this provision or describe the additional gates that are required, what their end of stage deliverable and any requirements associated with deliverables, who approves / accepts the deliverable etc..

.....

4.3 Additional requirements¹⁴

The following additional requirements apply:

.....

4.4 Gateway reviews

4.4.1 Gateway reviews for major capital projects above a threshold

4.4.1.1 *[Designated person]* shall appoint a gateway review team in accordance with the provisions of clause 4.1.13.1.2 of the standard to undertake gateway reviews for major capital projects.

4.4.1.2 The requirements for a gateway review in addition to those contained in section 4.1.13 of the standard are as follows:¹⁵

4.4.2 Elective gateway reviews¹⁶

Gateway reviews shall be undertaken

Table 1: Responsibilities for approving or accepting end of stage deliverables in the control framework for the management of infrastructure delivery

Stage		Person assigned the responsibility for approving or accepting end of stage deliverables
No	Name	
0	Project initiation	<i>[Designated person]</i> accepts the initiation report
1	Infrastructure planning	<i>[Designated person]</i> approves the infrastructure plan
2	Strategic resourcing	<i>[Designated person]</i> approves the delivery and / or procurement strategy
3	Pre-feasibility	<i>[Designated person]</i> accepts the pre-feasibility report
	Preparation and briefing	<i>[Designated person]</i> accepts the strategic brief
4	Feasibility	<i>[Designated person]</i> accepts the feasibility report
	Concept and viability	<i>[Designated person]</i> accepts the concept report
5	Design development	<i>[Designated person]</i> accepts the design development report
6	Design documentation	6A Production information <i>[Designated person]</i> accepts the parts of the production information which are identified when the design development report is accepted as requiring acceptance
		6B Manufacture, fabrication and construction information The contract manager accepts the manufacture, fabrication and construction information

¹⁴ State additional requirements for any of the stages, as necessary. Sub clause 4.1.1.4 permits a municipality or municipal entity to insist that pre-feasibility and feasibility reports be provided irrespective of the test contained in the standard for determining if such reports contained in the standard suggests otherwise.

¹⁵ Delete or add in any additional requirements.

¹⁶ State optional requirements or delete clause. Gateway reviews may be undertaken by a gateway review team of the deliverables associated with any of the gates in the control framework. Such reviews should preferably take place at gates 4, 5 or 8. They can also be conducted on a random sample basis after the end of stage deliverable has been accepted. Such reviews can capture lessons learned and in so doing improve the quality of future deliverables.

Stage		Person assigned the responsibility for approving or accepting end of stage deliverables
No	Name	
7	Works	The contract manager certifies completion of the works or the delivery of goods and associated services
8	Handover	The owner or end user accepts liability for the works
9	Package completion	The contract manager or supervising agent certifies the defects certificate in accordance with the provisions of the contract The contract manager certifies final completion in accordance with the provisions of the contract [Designated person] accepts the close out report

5 Control framework for infrastructure procurement¹⁷

5.1 The responsibilities for taking the key actions associated with the formation and conclusion of contracts including framework agreements above the quotation threshold shall be as stated in Table 2.

5.2 The responsibilities for taking the key actions associated with the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure shall be as follows: ¹⁸

- a) [designated person] shall grant approval for the issuing of the procurement documents, based on the contents of a documentation review report developed in accordance with the provisions of the standard;
- b) the authorised person may award the contract if satisfied with the recommendations contained in the evaluation report prepared in accordance with the provisions of the standard.

5.3 The responsibilities for taking the key actions associated with the issuing of an order in terms of a framework agreement shall be as stated in Table 3.

6 Infrastructure delivery management requirements

6.1 Institutional arrangements

6.1.1 Committee system for procurement¹⁹

6.1.1.1 General

6.1.1.1.1 A committee system comprising the documentation committee, evaluation committee and tender committee shall be applied to all procurement procedures where the estimated value of the procurement exceeds the financial threshold for quotations and to the putting in place of framework agreements.

6.1.1.1.2 The evaluation committee shall, where competition for the issuing of an order amongst framework contractors takes place and the value of the order exceeds the financial threshold for quotations, evaluate the quotations received.

¹⁷ This clause is required to ensure compliance with the requirements of the standard.

¹⁸ SCM Regulation 26 of the MFMA requires that a committee system be established for procurement above the threshold for quotations. It is not, however, a requirement for such a committee to deal with quotations.

¹⁹ SCM Regulation 26 of the MFMA requires that a committee system be established for procurement above the threshold for quotations. A municipality of a municipal entity may require that the tender committee (bid adjudication committee) also deal with quotations

The principle of segregation (an internal control designed to prevent error and fraud by ensuring that at least two individuals are responsible for the separate parts of any task) is dealt with the committee system in the standard as follows:

- procurement gate 3: a technical evaluation of procurement documents and an approval of such documentation;
- procurement gate 5: a technical evaluation of submissions and an authorization to proceed with the next phase of a procurement process; and
- procurement gate 6: a tender evaluation and a recommendation to award a contract.

6.1.1.1.3 The persons appoint in writing as technical advisors and subject matter experts may attend any committee meeting.

6.1.1.1.4 No person who is a political officer bearer, a public office bearer including any councilor of a municipality, a political advisor or a person appointed in terms of section 12A of the Public Service Act of 1994 or who has a conflict of interest shall be appointed to a procurement documentation, evaluation or tender committee.

6.1.1.1.5 Committee decisions shall as far as possible be based on the consensus principle i.e. the general agreement characterised by the lack of sustained opposition to substantial issues. Committees shall record their decisions in writing. Such decisions shall be kept in a secured environment for a period of not less than five years after the completion or cancellation of the contract unless otherwise determined in terms of the National Archives and Record Services Act of 1996.

6.1.1.1.6 Committees may make decisions at meetings or, subject to the committee chairperson's approval, on the basis of responses to documents circulated to committee members provided that not less than sixty percent of the members are present or respond to the request for responses. Where the committee chairperson is absent from the meeting, the members of the committee who are present shall elect a chairperson from one of them to preside at the meeting.

6.1.1.2 Procurement documentation committee

6.1.1.2.1 The *[municipal manager or chief executive or the appropriately delegated authority e.g. project director]* shall appoint in writing on a procurement by procurement basis:

- a) the persons to review the procurement documents and to develop a procurement documentation review report in accordance with clause 4.2.2.1 of the standard; and
- b) the members of the procurement documentation committee.

6.1.1.2.2 The procurement documentation committee shall comprise one or more persons. The chairperson shall be an employee of *[name of municipality or municipal entity]* with requisite skills. Other members shall, where relevant, include a representative of the end user or the department requiring infrastructure delivery.

6.1.1.2.3 No member of, or technical adviser or subject matter expert who participates in the work of the any of the procurement committees or a family member or associate of such a member, may tender for any work associated with the tender which is considered by these committees.

Table 2: Procurement activities and gates associated with the formation and conclusion of contracts above the quotation threshold

Activity	Sub-Activity (see Table 3 of the standard)		Key action	Person assigned responsibility to perform key action
1*	Establish what is to be procured	1.3 PG1	Obtain permission to start with the procurement process	Make a decision to proceed / not to proceed with the procurement based on the broad scope of work and the financial estimates.
2*	Decide on procurement strategy	2.5 PG2	Obtain approval for procurement strategies that are to be adopted including specific approvals to approach a confined market or the use of the negotiation procedure	Confirm selection of strategies so that tender offers can be solicited
3	Solicit tender offers	3.2 PG3	Obtain approval for procurement documents	Grant approval for the issuing of the procurement documents
		3.3 PG4	Confirm that budgets are in place	Confirm that finance is available for the procurement to take place
4	Evaluate tender offers	4.2 PG5	Obtain authorisation to proceed with next phase of tender process in the qualified, proposal or competitive negotiations procedure	Review evaluation report, ratify recommendations and authorise progression to the next stage of the tender process
		4.7 PG6	Confirm recommendations contained in the tender evaluation report	Review recommendations of the evaluation committee and refer back to evaluation committee for reconsideration or make recommendation for award
5	Award contract	5.3 PG7	Award contract	Formally accept the tender offer in writing and issue the contractor with a signed copy of the contract
		5.5 GF1	Upload data in financial management and payment system	Verify data and upload contractor's particulars and data associated with the contract or order

* Applies only to goods and services not addressed in a procurement strategy developed during stage 2 (strategic resourcing) of the control framework for infrastructure delivery management

²⁰ The award of a contract can be linked to contract value. For example, high value contracts may be awarded by the municipal manager or chief executive and lower amounts by different appropriately delegated authorities.

Table 2 (concluded)

Activity	Sub-Activity	Key action	Person assigned responsibility to perform key action
6 Administer contracts and confirm compliance with requirements	6.4 PG8A	Obtain approval to waive penalties or low performance damages.	[designated person]
	6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator	[designated person]
	6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage ²¹	[designated person or designated persons]
	6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order by more than 20% and 30%, respectively	[municipal manager or chief executive or, depending upon the value, a appropriately delegated authority]
	6.8 PG8E	Obtain approval to cancel or terminate a contract	[authorised person]
	6.9 PG8F	Obtain approval to amend a contract	[authorised person]

²¹ Stepped thresholds leading up to the 20% and 30% values given in PG8D may be necessary to manage cost and time overruns, respectively, the principle being that approval to exceed these percentages needs to be granted at a more senior level with each increase. For example, the increases for cost overruns could be as follows:

- ≤ 2.5 % - contract manager;
- 2.5 to 10% - project director
- > 10% - appropriately delegated authority

Table 3: Procurement activities and gates associated with the issuing of an order above the quotation threshold in terms of a framework agreement

Activity	Key action	Person assigned responsibility to perform key action
1 FG1	Confirm justifiable reasons for selecting a framework contractor where there is more than one framework agreement covering the same scope of work	<i>[designated person]</i>
3 FG2	Obtain approval for procurement documents	<i>[designated person]</i>
4 FG3	Confirm that budgets are in place	<i>[designated person e.g. programme manager or financial director]</i>
6 FG4	Authorise the issuing of the order	<i>[authorised person]</i>

6.1.1.3 Evaluation committee

6.1.1.3.1 The *[municipal manager or chief executive or the appropriately delegated authority e.g. project director]* shall appoint on a procurement by procurement basis in writing:

- a) the persons to prepare the evaluation and, where applicable, the quality evaluations, in accordance with clauses 4.2.3.2 and 4.2.3.4 of the standard, respectively; and
- b) the members of the evaluation committee.

6.1.1.3.2 The evaluation committee shall comprise not less than three people. The chairperson shall be an employee of *[name of municipality or municipal entity]* with requisite skills. Other members shall include a supply chain management practitioner²² and, where relevant, include an official from the department requiring infrastructure delivery.

6.1.1.3.3 The evaluation committee shall review the evaluation reports prepared in accordance with sub clause 4.2.3 of the standard and as a minimum verify the following in respect of the recommended tenderer:

- a) the capability and capacity of a tenderer to perform the contract;
- b) the tenderer's tax and municipal rates and taxes compliance status;
- c) confirm that the tenderer's municipal rates and taxes and municipal service charges are not in arrears;
- d) the Compulsory Declaration has been completed; and
- e) the tenderer is not listed in the National Treasury's Register for Tender Defaulters or the List of Restricted Suppliers.

6.1.1.3.4 No tender submitted by a member of, or technical adviser or subject matter expert who participates in the work of the procurement documentation committee or a family member or associate of such a member, may be considered by the evaluation committee.

6.1.1.3.5 The chairperson of the evaluation committee shall promptly notify the *[municipal manager or chief executive or chief financial officer or designation of delegate]* of any respondent or tenderer who is disqualified for having engaged in fraudulent or corrupt practices during the tender process.

6.1.1.4 Tender committee²³

6.1.1.4.1 The tender committee shall comprise the following persons or their mandated delegate:²⁴

- a) *[title of post]* who shall be the chairperson:
- b) *[title of post]*
- c) *[title of post]*
- d) etc..

²² A supply chain management practitioner in the context of infrastructure delivery includes a built environment professional

²³ Where no separate tender committee is established, this section should simply refer to the bid adjudication committee which is set up to deal with tenders with both the supply chain for general goods and services and for infrastructure

²⁴ The chairperson needs to be an employee of the municipality or the municipal entity with requisite skills. Other members should be employees of the municipality or the municipal entity and include at least four senior managers including the chief financial officer, a supply chain management practitioner and a technical expert in the relevant field, if such municipality or municipal entity has such an expert.

6.1.1.4.2 No member of the evaluation committee may serve on the tender committee. A member of an evaluation committee may, however, participate in the deliberations of a tender committee as a technical advisor or a subject matter expert.

6.1.1.4.3 The tender committee shall:

- a) consider the report and recommendations of the evaluation committee and:
 - 1) verify that the procurement process which was followed complies with the provisions of this document;
 - 2) confirm that the report is complete and addresses all considerations necessary to make a recommendation;
 - 3) confirm the validity and reasonableness of reasons provided for the elimination of tenderers; and
 - 4) consider commercial risks and identify any risks that have been overlooked or fall outside of the scope of the report which warrant investigation prior to taking a final decision; and
- b) refer the report back to the evaluation committee for their reconsideration or make a recommendation to the authorised person on the award of a tender, with or without conditions, together with reasons for such recommendation.

6.1.1.4.4 The tender committee shall consider proposals regarding the cancellation, amendment, extension or transfer of contracts that have been awarded and make a recommendation to the authorised person on the course of action which should be taken.

6.1.1.4.5 The tender committee shall consider the merits of an unsolicited offer and make a recommendation to the [municipal manager or chief executive].

6.1.1.4.6 The tender committee shall report to the [municipal manager or chief executive] any recommendation made to award a contract to a tenderer other than the tenderer recommended by the evaluation committee, giving reasons for making such a recommendation.

6.1.1.4.7 The tender committee shall not make a recommendation for an award of a contract or order if the recommended tenderer or framework contractor has:

- a) made a misrepresentation or submitted false documents in competing for the contract or order; or
- b) been convicted of a corrupt or fraudulent act in competing for any contract during the past five years.

6.1.1.4.8 The tender committee may on justifiable grounds and after following due process, disregard the submission of any tenderer if that tenderer or any of its directors, members or trustees or partners has abused the delivery management system or has committed fraud, corruption or any other improper conduct in relation to such system. The National Treasury and the [name of applicable provincial treasury] shall be informed where such tenderers are disregarded.

6.1.2 Actions of an authorised person relating to the award of a contract or an order

6.1.2.1 Award of a contract

6.1.2.1 The authorised person shall, if the value of the contract inclusive of VAT, is within his or her delegation, consider the report(s) and recommendations of the tender committee, or in the case of the awards for contracts below the quotation threshold, the recommendation of the [designated person], and either:

- a) award the contract after confirming that the report is complete and addresses all considerations necessary to make a recommendation and budgetary provisions are in place; or

- b) decide not to proceed or to start afresh with the process.

6.1.2.2 The authorised person shall immediately notify the *[designated person]* if a tender other than the recommended tender is awarded, save where the recommendation is changed to rectify an irregularity. Such person shall, within 10 working days, notify in writing the Auditor-General, the National Treasury and *[name of applicable provincial treasury]*, and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

6.1.2.3 Issuing of an order

The authorised person shall, if the value of an order issued in terms of a framework contract, is within his or her delegation, consider the recommendation of the evaluation committee or the *[designated person]*, as relevant, and either:

- a) authorise the issuing of an order in accordance with the provisions of clause 4.25 of the standard; or
- b) decide not to proceed or to start afresh with the process.

6.1.3 Conduct of those engaged in infrastructure delivery²⁵

6.1.3.1 General requirements

6.1.3.1.1 All personnel and agents of *[name of municipality or municipal entity]* shall comply with the requirements of the CIDB Code of Conduct for all Parties engaged in Construction Procurement. They shall:

- a) behave equitably, honestly and transparently;
- b) discharge duties and obligations timeously and with integrity;
- c) comply with all applicable legislation and associated regulations;
- d) satisfy all relevant requirements established in procurement documents;
- e) avoid conflicts of interest; and
- f) not maliciously or recklessly injure or attempt to injure the reputation of another party.

6.1.3.1.2 All personnel and agents engaged in *[name of municipality or municipal entity]*'s infrastructure delivery management system shall:

- a) not perform any duties to unlawfully gain any form of compensation, payment or gratification from any person for themselves or a family member or an associate;
- b) perform their duties efficiently, effectively and with integrity and may not use their position for private gain or to improperly benefit another person;
- c) strive to be familiar with and abide by all statutory and other instructions applicable to their duties;
- d) furnish information in the course of their duties that is complete, true and fair and not intended to mislead;
- e) ensure that resources are administered responsibly;
- f) be fair and impartial in the performance of their functions;

²⁵ Sub clause 5.1 d) of the standard requires that the municipality's or municipal entity's policy establish ethical standards for those involved in the procurement and delivery of infrastructure. This clause is aligned with the provisions of SCM Regulation 46 (Ethical standards) issued in terms of the MFMA and National Treasury's Code of Conduct for Supply Chain Management Practitioners

- g) at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual;
- h) not abuse the power vested in them;
- i) not place themselves under any financial or other obligation to external individuals or firms that might seek to influence them in the performance of their duties;
- j) assist *[name of municipality or municipal entity]* in combating corruption and fraud within the infrastructure procurement and delivery management system;
- k) not disclose information obtained in connection with a project except when necessary to carry out assigned duties;
- l) not make false or misleading entries in reports or accounting systems; and
- m) keep matters of a confidential nature in their possession confidential unless legislation, the performance of duty or the provision of the law require otherwise.

6.1.3.1.2 An employee or agent may not amend or tamper with any submission, tender or contract in any manner whatsoever.

6.1.3.2 Conflicts of interest

6.1.3.2.1 The employees and agents of *[name of municipality or municipal entity]* who are connected in any way to procurement and delivery management activities which are subject to this policy, shall:

- a) disclose in writing to the employee of the *[name of municipality or municipal entity]* to whom they report, or to the person responsible for managing their contract, if they have, or a family member or associate has, any conflicts of interest; and
- b) not participate in any activities that might lead to the disclosure of *[name of municipality or municipal entity]* proprietary information.

6.1.3.2.2 The employees and agents of *[name of municipality or municipal entity]* shall declare and address any perceived or known conflict of interest, indicating the nature of such conflict to whoever is responsible for overseeing the procurement process at the start of any deliberations relating to a procurement process or as soon as they become aware of such conflict, and abstain from any decisions where such conflict exists or recuse themselves from the procurement process, as appropriate.

6.1.3.2.3 Agents who prepare a part of a procurement document may in exceptional circumstances, where it is in *[name of municipality or municipal entity]*'s interest to do so, submit a tender for work associated with such documents provided that:

- a) *[name of municipality or municipal entity]* states in the tender data that such an agent is a potential tenderer;
- b) all the information which was made available to, and the advice provided by that agent which is relevant to the tender, is equally made available to all potential tenderers upon request, if not already included in the scope of work; and
- c) the procurement documentation committee is satisfied that the procurement document is objective and unbiased having regard to the role and recommendations of that agent.

6.1.3.3 Evaluation of submissions received from respondents and tenderers

6.1.3.3.1 The confidentiality of the outcome of the processes associated with the calling for expressions of interest, quotations or tenders shall be preserved. Those engaged in the evaluation process shall:

- a) not have any conflict between their duties as an employee or an agent and their private interest;

- b) may not be influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person;
- c) deal with respondents and tenderers in an equitable and even-handed manner at all times; and
- d) not use any confidential information obtained for personal gain and may not discuss with, or disclose to outsiders, prices which have been quoted or charged to *[name of municipality or municipal entity]*.

6.1.3.3.2 The evaluation process shall be free of conflicts of interest and any perception of bias. Any connections between the employees and agents of *[name of municipality or municipal entity]* and a tenderer or respondent shall be disclosed and recorded in the tender evaluation report.

6.1.3.3.3 *[name of municipality or municipal entity]* personnel and their agents shall immediately withdraw from participating in any manner whatsoever in a procurement process in which they, or any close family member, partner or associate, has any private or business interest.

6.1.3.4 Non-disclosure agreements

Confidentiality agreements in the form of non-disclosure agreements shall, where appropriate, be entered into with agents and potential contractors to protect *[name of municipality or municipal entity]*'s confidential information and interests.

6.1.3.5 Gratifications, hospitality and gifts

6.1.3.5.1 The employees and agents of *[name of municipality or municipal entity]* shall not, directly or indirectly, accept or agree or offer to accept any gratification from any other person including a commission, whether for the benefit of themselves or for the benefit of another person, as an inducement to improperly influence in any way a procurement process, procedure or decision.

6.1.3.5.2 The employees and agents of *[name of municipality or municipal entity]* as well as their family members of associates shall not receive any of the following from any tenderer, respondent or contractor or any potential contractor:

- a) money, loans, equity, personal favours, benefits or services;
- b) overseas trips; or
- c) any gifts or hospitality irrespective of value from tenderers or respondents prior to the conclusion of the processes associated with a call for an expression of interest or a tender.

6.1.3.5.3 The employees and agents of *[name of municipality or municipal entity]* shall not purchase any items at artificially low prices from any tenderer, respondent or contractor or any potential contractor at artificially low prices which are not available to the public.

6.1.3.5.4 All employees and agents of *[name of municipality or municipal entity]* may for the purpose of fostering inter-personal business relations accept the following:

- a) meals and entertainment, but excluding the cost of transport and accommodation;
- b) promotional material of small intrinsic value such as pens, paper-knives, diaries, calendars, etc;
- c) incidental business hospitality such as business lunches or dinners, which the employee is prepared to reciprocate;
- d) complimentary tickets to sports meetings and other public events, but excluding the cost of transport and accommodation, provided that such tickets are not of a recurrent nature; and

- e) gifts in kind other than those listed in a) to d) which have an intrinsic value greater than R350 unless they have declared them to the *[municipal manager or chief executive or delegated official]*²⁶.

6.1.3.5.5 Under no circumstances shall gifts be accepted from prospective contractors during the evaluation of calls for expressions of interest, quotations or tenders that could be perceived as undue and improper influence of such processes.

6.1.3.5.6 Employees and agents of *[name of municipality or municipal entity]* shall without delay report to the *[municipal manager or chief executive or chief financial officer or appropriately delegated authority]* any incidences of a respondent, tenderer or contractor who directly or indirectly offers a gratification to them or any other person to improperly influence in any way a procurement process, procedure or decision.

6.1.3.6 Reporting of breaches

Employees and agents of *[name of municipality or municipal entity]* shall promptly report to the *[municipal manager or chief executive or chief financial officer or appropriately delegated authority]* any alleged improper conduct which they may become aware of, including any alleged fraud or corruption.

6.1.4 Measures to prevent abuse of the infrastructure delivery system²⁷

The *[municipal manager or chief executive or chief financial officer or appropriately delegated authority]* shall investigate all allegations of corruption, improper conduct or failure to comply with the requirements of this policy against an employee or an agent, a contractor or other role player and, where justified:

- a) take steps against an employee or role player and inform the National Treasury and *[name of applicable provincial treasury]* of those steps;
- b) report to the South African Police Service any conduct that may constitute a criminal offence;
- c) lodge complaints with the Construction Industry Development Board or any other relevant statutory council where a breach of such council's code of conduct or rules of conduct are considered to have been breached;
- d) cancel a contract if:
 - 1) it comes to light that the contractor has made a misrepresentation, submitted falsified documents or has been convicted of a corrupt or fraudulent act in competing for a particular contract or during the execution of that contract; or
 - 2) an employee or other role player committed any corrupt or fraudulent act during the tender process or during the execution of that contract.

6.1.5 Awards to persons in the service of the state²⁸

6.1.5.1 Any submissions made by a respondent or tenderer who declares in the Compulsory Declaration that a principal is one of the following shall be rejected:

- a) a member of any municipal council, any provincial legislature, or the National Assembly or the National Council of Provinces;
- b) a member of the board of directors of any municipal entity;
- c) an official of any municipality or municipal entity;

²⁶ SCM Regulation permits the receipt of gifts and hospitality provided that they are declared to the municipal manager or the chief executive

²⁷ The requirement to prevent abuse of the supply chain management system is aligned with the provisions of SCM Regulation 38 issued in terms of the MFMA.

²⁸ The clause aligns with SCM Regulation 44 issued in terms of the MFMA.

- d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- e) a member of the accounting authority of any national or provincial public entity; or
- f) an employee of Parliament or a provincial legislature.

6.1.5.2 The notes to the annual financial statements of the *[municipality / municipal entity]* shall disclose particulars of an award of more than R 2000 to a person who is a family member of a person identified in 6.1.5.1 or who has been in the previous 12 months. Such notes shall include the name of the person, the capacity in which such person served and the amount of the award.

6.1.6 Collusive tendering²⁹

Any submissions made by a respondent or tenderer who fails to declare in the Compulsory Declaration that the tendering entity:

- a) is not associated, linked or involved with any other tendering entity submitting tender offers; or
- b) has not engaged in any prohibited restrictive horizontal practices including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract etc.) or intention to not win a tender

shall be rejected.

6.1.7 Placing of contractors under restrictions³⁰

6.1.7.1 If any tenderer which has submitted a tender offer or a contractor which has concluded a contract has, as relevant:

- a) withdrawn such tender or quotation after the advertised closing date and time for the receipt of submissions;
- b) after having been notified of the acceptance of his tender, failed or refused to commence the contract;
- c) had their contract terminated for reasons within their control without reasonable cause;
- d) offered, promised or given a bribe in relation to the obtaining or the execution of such contract;
- e) acted in a fraudulent, collusive or anti-competitive or improper manner or in bad faith towards *[name of municipality or municipal entity]*; OR
- f) made any incorrect statement in any affidavit or declaration with regard to a preference claimed and is unable to prove to the satisfaction of *[name of municipality or municipal entity]* that the statement was made in good faith or reasonable steps were taken to confirm the correctness of the statements,

a *[designated person]* shall prepare a report on the matter and make a recommendation to the *[municipal manager or chief executive]* for placing the contractor or any of its principals under restrictions from doing business with the *[name of municipality or municipal entity]*.

²⁹ The standard requires the inclusion of the Compulsory Declaration in all procurement documents. This sub-clause aligns with SCM Regulation 44 issued in terms of the MFMA and SANS 10845-3 which is incorporated by reference in the standard.

³⁰ This sub-clause is aligned with the requirements of SCM Regulation 38 issued in terms of the MFMA.

6.1.7.2 The *[municipal manager or chief executive]* may, as appropriate, upon the receipt of a recommendation made in terms of 6.1.7.1 and after notifying the contractor of such intention in writing and giving written reasons for such action, suspend a contractor or any principal of that contractor from submitting a tender offer to *[name of municipality or municipal entity]* for a period of time.

6.1.7.3 The *[designation of person, office or department]* shall:

- a) record the names of those placed under restrictions in an internal register which shall be accessible to employees and agents of *[name of municipality or municipal entity]* who are engaged in procurement processes; and
- b) notify the National Treasury and *[name of applicable provincial treasury]* and, if relevant, the Construction Industry Development Board, of such decision and provide them with the details associated therewith.

6.1.8 Complaints

6.1.8.1 All complaints regarding the *[name of municipality or municipal entity]*'s infrastructure delivery management system shall be addressed to the *[designation of person, office or department]*. Such complaints shall be in writing.

6.1.8.2 The *[designation of person, office or department]* shall investigate all complaints regarding the infrastructure procurement and delivery management system and report on actions taken to the *[designation of person, office or department]* who will decide on what action to take.

6.2 Acquisition management

6.2.1 Unsolicited proposal³¹

6.2.1.1 The *[name of municipality or municipal entity]* is not obliged to consider unsolicited offers received outside a normal procurement process but may consider such an offer only if:

- a) the goods, services or any combination thereof that is offered is a demonstrably or proven unique innovative concept;
- b) proof of ownership of design, manufacturing, intellectual property, copyright or any other proprietary right of ownership or entitlement is vested in the person who made the offer;
- c) the offer presents a value proposition which demonstrates a clear, measurable and foreseeable benefit for *[name of municipality or municipal entity]*;
- d) the offer is in writing and clearly sets out the proposed cost;
- e) the person who made the offer is the sole provider of the goods or service; and
- f) the *[municipal manager or chief executive]* finds the reasons for not going through a normal tender processes to be sound.

6.2.1.2 The *[municipal manager or chief executive]* may only accept an unsolicited offer and enter into a contract after considering the recommendations of the tender committee if:

- a) the intention to consider an unsolicited proposal has been made known in accordance with Section 21A of the Municipal Systems Act of 2000 together with the reasons why such a proposal should not be open to other competitors, an explanation of the potential benefits for the *[municipality or municipal entity]* and an invitation to the public or other potential suppliers and providers to submit their comments within 30 days after the notice;

³¹ The clause aligns with SCM Regulation 37 issued in terms of the MFMA.

- b) the *[name of municipality or municipal entity]* has obtained comments and recommendations on the offer from the National Treasury and *[name of applicable provincial treasury]*;
- c) the tender committee meeting which makes recommendations to accept an unsolicited proposal was open to the public and took into account any public comments that were received and any comments and recommendations received from the National Treasury and *[name of applicable provincial treasury]*; and
- d) the provisions of 6.2.1.3 are complied with.

6.2.1.3 The *[municipal manager or chief executive]* shall, within 7 working days after the decision to award the unsolicited offer is taken, submit the reasons for rejecting or not following the recommendations to the National Treasury, the *[name of applicable provincial treasury]* and Auditor General. A contract shall in such circumstances not be entered into or signed within 30 days of such submission.

6.2.2 Tax and rates compliance³²

6.2.2.1 SARS tax clearance

6.2.2.1.1 No contract may be awarded or an order issued where the value of such transaction exceeds R 15 000, unless a tenderer or contractor is in possession of an original valid Tax Clearance Certificate issued by SARS provided that the tenderer is not domiciled in the Republic of South Africa and the SARS has confirmed that such a tenderer is not required to prove their tax compliance status.

6.2.2.1.2 In the case of a partnership, each partner shall comply with the requirements of 6.2.2.1.1.

6.2.2.1.3 No payment shall be made to a contractor who does not satisfy the requirements of 6.2.2.1.2. An employee of *[name of municipality or municipal entity]* shall upon detecting that a tenderer or contractor is not tax compliant, immediately notify such person of such status.

6.2.2.1.4 Notwithstanding the requirements of 6.2.2.1.1 and 6.2.2.1.3 the following shall apply, unless a person who is not tax compliant indicates to *[designated person]* that it intends challenging its tax compliance status with SARS,

- a) a contract may be awarded to a non-compliant tenderer if such a tenderer is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;
- b) an order may be awarded to a non-compliant contractor if such a contractor is able to remedy its tax compliance status within a period not exceeding 10 working days after being duly notified of its non-compliant status;
- c) a non-compliant contractor shall be issued with a first warning that payments in future amounts due in terms of the contract may be withheld, before the authorising of any payment due to such contractor;
- d) before authorising a further payment due to a non-compliant contractor who has failed to remedy its tax compliance status after receiving a first warning, a second and final warning shall be issued to such contractor;
- e) no payments may be released for any amounts due in terms of the contract due to a non-compliant contractor if, after a period of 30 calendar days have lapsed since the second warning was issued, the non-compliant contractor has failed to remedy its tax compliance status.

6.2.2.1.5 The *[name of municipality or municipal entity]* may cancel a contract with a non-compliant contractor if such a contractor fails to remedy its tax compliance status after a period of 30 calendar days have lapsed since the second warning was issued in terms of 6.2.2.1.4e).

³² This sub-clause aligns with the provisions of SCM Regulation 43 issued in terms of the MFMA. .

6.2.2.2 Municipal rates and taxes³³

No contract may be awarded to a tenderer who, of the principals of that tenderer, owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity and are in arrears for more than 3 months.

6.2.3 Declarations of interest

Tenders and respondents making submissions in response to an invitation to submit a tender or a call for an expression of interest, respectively shall declare in the Compulsory Declaration whether or not any of the principals:

- a) are an employee of the *[name of municipality or municipal entity]* or in the employ of the state; or
- b) have a family member or a business relation with a person who is in the employ of the state.

6.2.4 Invitations to submit expressions of interest or tender offers

6.2.4.1 All invitations to submit tenders where the estimated value of the contract exceeds R200 000 including VAT, except where a confined tender process is followed, and expressions of interest shall be advertised on the *[name of municipality or municipal entity]*'s website and on the National Treasury eTender Publication Portal.³⁴ Advertisements shall be placed by *[name of designated person]*

6.2.4.2 Advertisements relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.4.1 be advertised on the CIDB website. Advertisements shall be placed by *[name of designated person]*.

6.2.4.3 Where deemed appropriate by *[name of designated person]* an invitation to tender and a call for an expression of interest shall be advertised in suitable local and national newspapers and the Government Tender Bulletin as directed by such person. Advertisements shall be placed by *[name of designated person]*.

6.2.4.4 Such advertisements shall be advertised for a period of at least 30 days before closure, except in urgent cases when the advertisement period may be shortened as determined by the *[municipal manager or chief executive or the appropriately delegated authority e.g. project director]*.

6.2.4.5 Invitations to submit expressions of interest or tender offers shall be issued not less than 10 working days before the closing date for tenders and at least 5 working days before any compulsory clarification meeting. Procurement documents shall be made available not less than 7 days before the closing time for submissions.

6.2.5 Publication of submissions received and the award of contracts³⁵

6.2.5.1 The *[designated person]* shall publish within 10 working days of the closure of any advertised call for an expression of interest or an invitation to tender where the estimated value of the contract exceeds R200 000 including VAT on the municipality's or municipal entity's website, the names of all tenderers that made submissions to that advertisement, and if practical or applicable, the total of the prices and the preferences claimed. Such information shall remain on the website for at least 30 days.

6.2.5.2 The *[designated person]* shall publish within 7 working days of the award of a contract the following on the *[name of municipality or municipal entity]*'s website

- a) the contract number;

³³ This subclause aligns with the provisions of SCM Regulation 38 issued in terms of the MFMA.

³⁴ This subclause aligns with National Treasury Instruction No 1 of 2015/2016 – Advertisement of bids and the publication of awards on the eTender Publication Portal.

³⁵ This subclause aligns with National Treasury Instruction No 1 of 2015/2016 – Advertisement of bids and the publication of awards on the eTender Publication Portal.

- b) contract title;
- c) brief description of the goods, services or works;
- d) the total of the prices, if practical;
- e) the names of successful tenderers and their B-BBEE status level of contribution;
- f) duration of the contract; and
- g) brand names, if applicable.

6.2.5.3 The *[designated person]* shall submit within 7 working days of the award of a contract the information required by National Treasury on the National Treasury eTender Publication Portal regarding the successful and unsuccessful tenders. Submissions shall be made by *[designated person]*.

6.2.5.4 The award of contracts relating to construction works which are subject to the Construction Industry Development Regulations issued in terms of the Construction Industry Development Act of 2000 shall in addition to the requirements of 6.2.5.3 be notified on the CIDB website. The notification shall be made by placed by *[designated person]*.

6.2.6 Disposal committee

6.2.6.1 The *[municipal manager or chief executive or the appropriately delegated authority e.g. project director]* shall appoint on a disposal by disposal basis in writing the members of the disposal committee to decide on how best to undertake disposals in accordance with the provisions of clause 10 of the standard.

6.2.6.2 The disposal panel shall comprise not less than three people. The chairperson shall be an employee of *[name of municipality or municipal entity]*.

6.2.6.3 The disposal committee shall make recommendations to *[designed person]* who shall approve the recommendations, refer the disposal strategy back to the disposal committee for their reconsideration, decide not to proceed or to start afresh with the process.

6.3 Reporting of infrastructure delivery management information

[designated person] shall submit any reports required in terms of the standard to the National Treasury or *[name of applicable provincial treasury]* .

7 Infrastructure procurement

7.1 Usage of procurement procedures³⁶

The *[name of municipality or municipal entity]* shall not apply the following procedures:

- a) *[identify procedure];*
- b) *[identify procedure];*

7.2 Procurement documents

7.2.1 The forms of contract that may be used are as follows:

³⁶ Delete this clause if there are no restriction. Amend if there are specific circumstance under which a procurement procedure is to be used.

Form of contract ³⁷	Code	Usage

7.2.2 The *[name of municipality or municipal entity]*'s preapproved templates for Part C1 (Agreements and contract data) of procurement documents shall be utilised to obviate the need for legal review prior to the awarding of a contract. All modifications to the standard templates shall be approved by *[designated person]* prior to being issued for tender purposes.

7.2.3 Disputes arising from the performance of a contract shall be finally settled in a South African court of law.³⁸

7.2.4 *[state additional requirements, if any e.g. use of standard access specifications, health and safety specifications etc.]*³⁹

7.2.5 The Municipal Declaration and returnable documents contained in the standard shall be included in all tenders for:

- a) consultancy services;⁴⁰ and
- b) goods and services or any combination thereof where the total of the prices is expected to exceed R10 m including VAT.⁴¹

7.3 Developmental procurement policy⁴²

The following specific goals shall be proposed:

.....

7.4 Payment of contractors⁴³

The *[name of municipality or municipal entity]* shall settle all accounts within 30 days of invoice or statement as provided for in the contract.

7.5 Approval to utilise specific procurement procedures⁴⁴

7.5.1 Prior approval shall be obtained for the following procurement procedures from the following persons, unless such a procedure is already provided for in the approved procurement strategy:

- a) *[designated person / committee]* shall authorise the use of the negotiated procedure above the thresholds provided in the standard.
- b) *[designated person / committee]* shall authorise the approaching of a confined market except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in the standard and which can be dealt with or the risks relating thereto arrested within 48 hours; and
- c) the proposal procedure using the two-envelope system, the proposal procedure using the two-stage system or the competitive negotiations procedure⁴⁵.

³⁷ Reproduce from Table 11 of the standard the forms of contract which the municipality or municipal entity wishes to make use of.

³⁸ This sub-clause aligns with SCM Regulation 21 issued in terms of the PFMA.

³⁹ Include if requirements are not included in the templates.

⁴⁰ The clause aligns with SCM Regulation 35(3) issued in terms of the MFMA.

⁴¹ The clause aligns with SCM Regulation 35(3) issued in terms of the MFMA.

⁴² State specific goals that may be promoted.

⁴³ The Section 65 of the MFMA requires municipal manager or chief executives to settle all contractual obligations and pay all money owing within 30 days of receiving the relevant statement or invoice.

⁴⁴ This clause is necessary to enable the standard to be implemented.

⁴⁵ 7.5.1 c) is an optional statement and needs to be deleted if this control is not required.

7.5.2 The person authorised to pursue a negotiated procedure in an emergency is *[designated person]*.

7.6 Receipt and safeguarding of submissions⁴⁶

7.6.1 A dedicated and clearly marked tender box shall be made available to receive all submissions made.⁴⁷

7.6.2 The tender box shall be fitted with two locks and the keys kept separately by two *[designated persons]*. Such personnel shall be present when the box is opened on the stipulated closing date for submissions.

7.7 Opening of submissions⁴⁸

7.7.1 Submissions shall be opened by an opening panel comprising two people nominated by *[designated persons]* who have declared their interest or confirmed that they have no interest in the submissions that are to be opened.

7.7.2 The opening panel shall open the tender box at the stipulated closing time and:

- a) sort through the submissions and return those submissions to the box that are not yet due to be opened including those whose closing date has been extended;
- b) return submissions unopened and suitably annotated where:
 - 1) submissions are received late, unless otherwise permitted in terms of the submission data;
 - 2) submissions were submitted by a method other than the stated method,
 - 3) submissions were withdrawn in accordance with the procedures contained in SANS 10845-3; and.
 - 4) only one tender submission is received and it is decided not to open it and to call for fresh tender submissions;
- c) record in the register submissions that were returned unopened;
- d) open submissions if received in sealed envelopes and annotated with the required particulars and read out the name of and record in the register the name of the tenderer or respondent and, if relevant, the total of prices including VAT where this is possible;
- e) record in the register the name of any submissions that is returned with the reasons for doing so;
- f) record the names of the tenderer's representatives that attend the public opening;
- g) sign the entries into the register; and
- h) stamp each returnable document in each tender submission.

7.7.3 Each member of the opening panel shall initial the front cover of the submission and all pages that are stamped in accordance with the requirements of 7.7.3h).

7.7.4 Respondents and tenderers whose submissions are to be returned shall be afforded the opportunity to collect their submissions.

7.7.5 Submissions shall be safeguarded from the time of receipt until the conclusion of the procurement process.

⁴⁶ This section may not be necessary if the policy for general goods and services already covers these requirements.

⁴⁷ Modify as necessary. Preferably describe the location and accessibility of the box.

⁴⁸ This section may not be necessary if the policy for general goods and services already covers these requirements.

7.8 Use of another organ of state's framework agreement⁴⁹

The *[name of municipality or municipal entity]* may make use of another organ of state's framework contract which has been put in place by means of a competitive tender process and there are demonstrable benefits for doing so. The *[municipal manager or chief executive or delegated official]* shall make the necessary application to that organ of state to do so.

7.9 Insurances⁵⁰

7.9.1 Contractors shall be required to take out all insurances required in terms of the contract.⁵¹

7.9.2 The insurance cover in engineering and construction contracts for loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract shall in general not be less than the value stated in Table 4, unless otherwise directed by *[designated person]*.

7.9.3 Lateral earth support insurance in addition to such insurance shall be take out on a case by case basis.

Table 4: Minimum insurance cover⁵²

Type of insurance	Value
Engineering and construction contracts - loss of or damage to property (except the works, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the Contractor) caused by activity in connection with a contract	Not less than R20 million
Professional services and service contracts - death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract or damage to property	Not less than R10 million
Professional indemnity insurance	geotechnical, civil and structural engineering: R5,0 million electrical, mechanical and engineering: R3,0 million architectural: R5,0 million other R3,0 million

7.9.4 The insurance cover in professional services and service contracts for damage to property or death of or bodily injury to employees of the Contractor arising out of and in the course of their employment in connection with a contract shall not be less than the value stated in Table 4 for any one event unless otherwise directed by *[designated person]*.

7.9.5 SASRIA Special Risk Insurance in respect of riot and associated risk of damage to the works, Plant and Materials shall be taken out on all engineering and construction works.

7.9.5 Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount not less than the value stated in Table 4 in respect of each claim, without limit to the number of claims, unless otherwise directed by the *[designated person]* in relation to the nature of the service that they provide.

⁴⁹ This clause aligns with SCM Regulation 32 issued in terms of the MFMA and clause 7.3 of the Standard.

⁵⁰ Align with the manner in which the municipality or municipal entity wishes to manage risk.

⁵¹ Alternatively state that the insurances shall be principal or employer controlled.

⁵² Modify as necessary

7.9.6 *[name of municipality or municipal entity]* shall take out professional indemnity insurance cover where it is deemed necessary to have such insurance at a level higher than the levels of insurance commonly carried by contractors.

7.9.7 Where payment is to be made in multiple currencies, either the contractor or *[name of municipality or municipal entity]* should be required to take out forward cover. Alternatively, the prices for the imported content should be fixed as soon as possible after the starting date for the contract.

7.10 Written reasons for actions taken

7.10.1 Written reasons for actions taken shall be provided by a *[designated person]*.

7.10.2 The written reasons for actions taken shall be as brief as possible and shall as far as is possible, and where relevant, be framed around the clauses in the:

- a) SANS 10845-3, *Construction procurement - Part 3: Standard conditions of tender*, and, giving rise to the reason why a respondent was not short listed, prequalified or admitted to a data base; or
- b) SANS 10845-4, *Construction procurement - Part 4: Standard conditions for the calling for expressions of interest*;

as to why a tenderer was not considered for the award of a contract or not awarded a contract.

7.10.3 Requests for written reasons for actions taken need to be brief and to the point and may not divulge information which is not in the public interest or any information which is considered to prejudice the legitimate commercial interests of others or might prejudice fair competition between tenderers.

7.11 Request for access to information⁵³

7.11.1 Should an application be received in terms of Promotion of Access to Information Act of 2000 (Act 2 of 2000), the “requestor” should be referred to the *[name of municipality or municipal entity]*’s Information Manual which establishes the procedures to be followed and the criteria that have to be met for the “requester” to request access to records in the possession or under the control of *[name of municipality or municipal entity]*’s.

7.11.2 Access to technical and commercial information such as a comprehensive programme which links resources and prices to such programme should be refused as such information provides the order and timing of operations, provisions for time risk allowances and statements as to how the contractor plans to do the work which identifies principal equipment and other resources which he plans to use. Access to a bill of quantities and rates should be provided in terms of the Act.

⁵³ Amend as necessary

Standard for Infrastructure Procurement and Delivery Management

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INTRODUCTION

Public infrastructure

South African citizens are surrounded by public infrastructure. Offices and facilities provide places of work for officials. Schools, hospitals and clinics provide essential services. Roads and railways not only enable travel, but also distribute goods and services. Border posts, harbours and airports are the physical links with neighbouring countries and the world. Dams provide water for human consumption and agricultural and industrial purposes. Networks deliver water and electricity to consumers and convey industrial effluent, soilwater and wastewater to treatment works. Such infrastructure is foundational to a better life for all. However, investment in economic infrastructure will not necessarily lead to economic growth. Infrastructure which provides improvements or efficiencies in services, production or export capabilities, and which is delivered and maintained in a manner that minimises waste of materials, time and effort in order to generate the maximum possible amount of value, is most likely to contribute to economic growth.

Infrastructure is required by the state and state-owned businesses to deliver services to citizens. Each organ of state has a legislated mandate. Some organs of state generate revenue but require capital to expand their revenue generating services, while other are totally reliant on funding from the fiscus to satisfy their infrastructure needs. The fiscus has limited financial resources to fund infrastructure projects. New infrastructure projects need to be budgeted for, taking into account future operation and maintenance costs and current commitments. Accordingly, organs of state requiring funds for infrastructure projects compete for budget allocations. Projects need to be prioritised both within an organ of state and between organs of state. Such prioritisation is sometimes based on political prerogatives while at other times it is based on objective decision-making criteria, which take into account factors such as overarching government wide, long and medium-term policies and plans, including integrated sector plans and mandates.

The time taken between the submission of a project proposal and a final decision by an organ of state to implement a project can, depending upon the nature, complexity and size of a project and requirements for statutory approvals, take several years. Funding may also be required to develop project proposals so that informed decisions can be made regarding their implementation. In the first instance, initiation reports need to be developed to outline the business case. Should funding be made available to progress the proposal, a prefeasibility report is required on major capital projects to determine whether or not it is worthwhile to proceed to the feasibility stage where sufficient information is presented to enable a final decision to be made regarding the implementation of a project. On smaller projects of a routine nature, a strategic brief is required to brief the professional team so that they can develop a viable and integrated concept for the project. A final decision to proceed to implementation is based on a concept report.

The initiation reports and feasibility reports on major capital projects, above a threshold, other than those initiated by municipalities, require cabinet or executive council approval. This enables the inputs of other organs of state in the national and provincial spheres of government who may have competing projects, or projects which may be negatively impacted by the diversion of funds to such large projects, to make their inputs in the project approval process. Projects which are categorised as strategic integrated projects are given priority in planning, the obtaining of statutory approvals and implementation by the Presidential Coordinating Commission.

Procurement and supply chain management reform

The South African Planning Commission's National Development Plan 2030: *Our future – make it work* proposes that the following five areas be focused on in designing a procurement system that is better able to deliver value for money, while minimising the scope for corruption:

- differentiate between the different types of procurement which pose different challenges and require different skills sets;
- adopt a strategic approach to procurement above the project level to balance competing objectives and priorities rather than viewing each project in isolation;
- build relationships of trust and understanding with the private sector;
- develop professional supply chain management capacity through training and accreditation; and
- incorporate oversight functions to assess value for money.

National Treasury's 2015 Public Sector Supply Chain Management Review expresses the view that supply chain management (SCM) is one of the key mechanisms enabling government to implement policy which traditionally has been misunderstood and undervalued. This Review, which identified the need for SCM reform, suggests that if such reforms are implemented as envisaged in terms of section 217 of the Constitution, the benefits will be enormous, namely that:

- good-quality service delivery will be increasingly possible, with significant improvements in the welfare of South Africa's citizens, and especially the poor who rely heavily on government for support;
- the economy will grow as economic infrastructure is expanded and efficiently maintained;
- goods, services and infrastructure will be bought at lower costs;
- innovation will result in different approaches to the commodities used in some sectors; and
- for suppliers, the cost of doing business with the state should decrease substantially.

Public procurement that is unrelated to infrastructure delivery typically relates to goods and services that are standard, well-defined and readily scoped and specified. Once purchased, goods invariably need to be taken into storage prior to being issued for use. Services are most often of a routine and repetitive nature with well understood interim and final deliverables which do not require strategic inputs or require decisions to be made regarding the fitness for purpose of the service outputs.

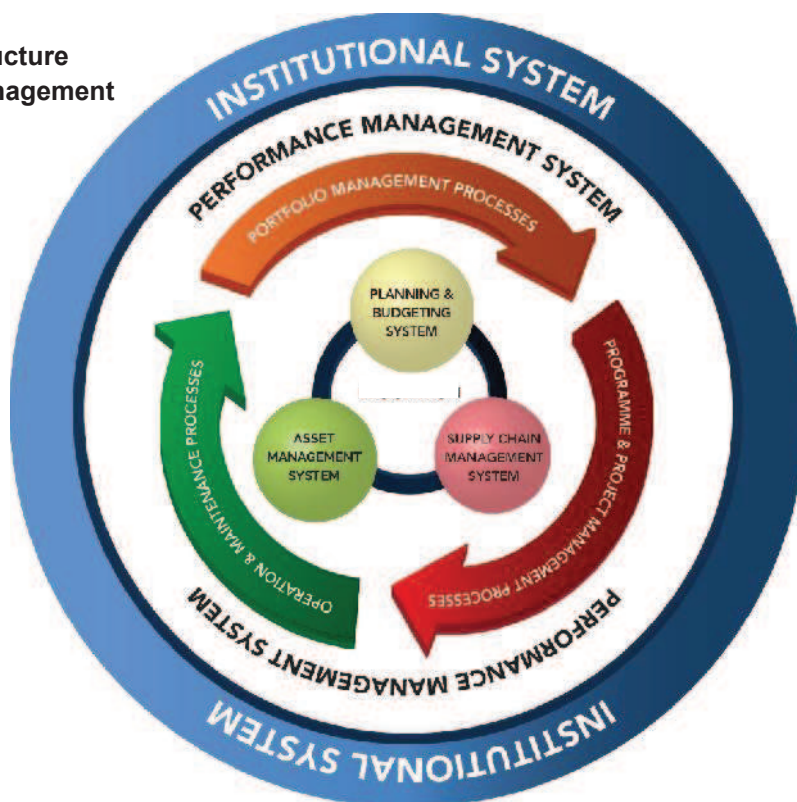
In contrast, procurement relating to the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure covers a wide and diverse range of goods and services, which are required to provide or alter the condition of immovable assets on a site. Accordingly, the procurement process for the delivery of infrastructure involves the initial and subsequent recurring updating of planning processes at a portfolio level flowing out of an assessment of public sector service delivery requirements or business needs. Thereafter it involves planning at a project level, and the procurement and management of a network of suppliers, including subcontractors, to produce a product on a site. There is no need to store and issue materials or equipment unless these are issued to employees responsible for the maintenance or operation of infrastructure, or are issued free of charge to contractors for incorporation into the works.

Infrastructure delivery is the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, refurbishment, rehabilitation, alteration, maintenance, operation or disposal of infrastructure. There is an urgent need to separate supply chain management requirements for general goods and services from those for infrastructure delivery in order to improve project outcomes.

Government's Infrastructure Delivery Management System

Government's Infrastructure Delivery Management System (IDMS) comprises three core systems, namely, a planning and budgeting, a supply chain management and an asset management system, all of which have forward and backward linkages. These core systems are located within portfolio, programme and project management, and operation and maintenance processes. Collectively these processes and systems, together with a performance management system, establish the institutional system for infrastructure delivery as indicated in the following sketch.

The Infrastructure Delivery Management System



The IDMS is supported by legislation and performance monitoring. It has a strong focus on the effective and efficient functioning of the supply chain management system.

Standard for Infrastructure Procurement and Delivery Management

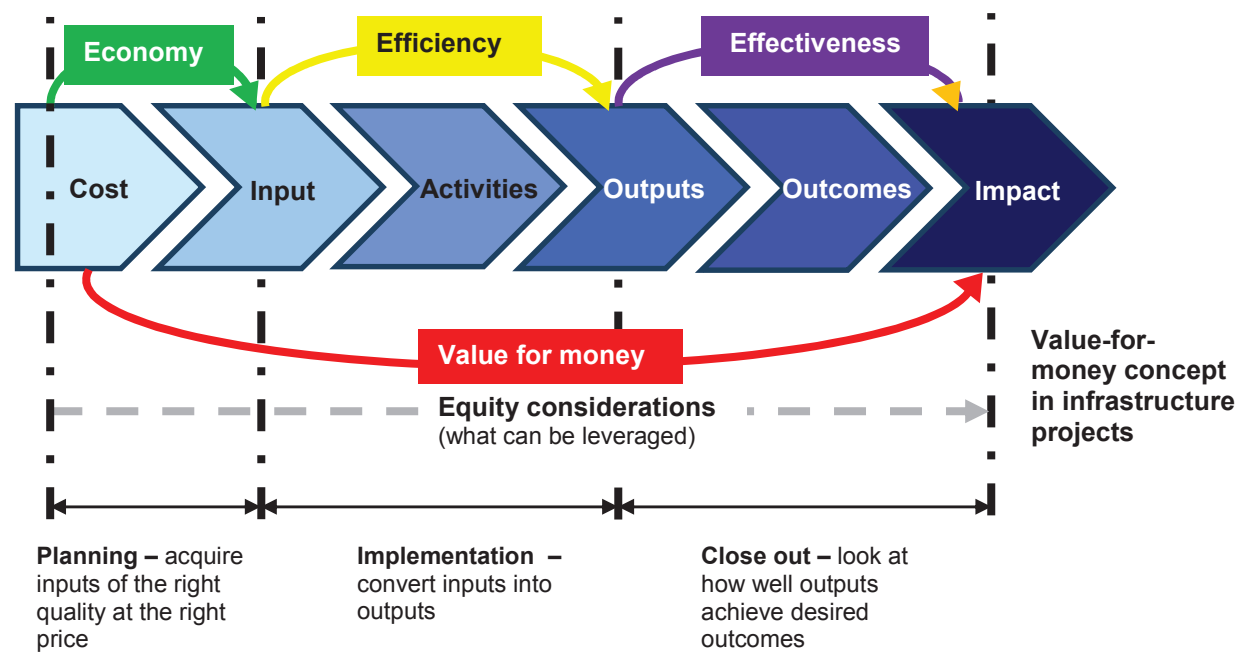
This Standard for Infrastructure Procurement and Delivery Management (SIPDM) covers the supply chain management system for infrastructure delivery. It has been framed around the five focus areas proposed by the National Planning Commission for the design of a procurement system and draws upon the work of the 2015 Public Sector Supply Chain Management Review. It is issued as an instruction in terms of Section 76(4)(c) of the Public Finance Management Act of 1999 (Act No.1 of 1999) and is applicable to the following organs of state:

- a) a national or provincial department as defined in the Public Finance Management Act;
- b) a constitutional institution entity as listed in schedule 1 of the Public Finance Management Act;
- c) a public entity as listed in schedules 2 and 3 of the Public Finance Management Act of 1999; and
- d) any organ of state which implements infrastructure delivery projects on behalf of another organ of state.

This standard also forms an integral part of the Model SCM Policy for Infrastructure Delivery Management which has been issued as a Treasury guideline determining a standard for municipal supply chain management policies in terms of Section 168 of the Municipal Finance Management Act of 2003 (Act No. 56 of 2003) in support of Regulation 3(2) of the Supply Chain Management Regulations. Accordingly, the standard applies to a municipality or municipal entity whose council or board of directors, respectively, adopts the aforementioned guideline standard.

Underlying this standard is the notion that the effective and efficient functioning of the supply chain management system for the procurement and delivery of infrastructure will realise value for money and good-quality service delivery. Value for money may be regarded as the optimal use of resources to

achieve the intended outcomes. Underlying value for money is an explicit commitment to ensure that the best results possible are obtained from the money spent, or maximum benefit is derived from the resources available. It is about striking the balance between the three “E’s”, namely, economy, efficiency and effectiveness, whilst being mindful of a fourth “E” – equity – as indicated in the diagram below.



The critical starting point in delivering value for money through infrastructure projects is, in the first instance, to align such projects with strategic objectives, priorities, budgets and plans, and thereafter, during the planning phase, to clearly define objectives and expected outcomes, as well as parameters such as the timelines, cost and levels of uncertainty. This frames the value-for-money proposition that needs to be implemented at the point in time that a decision is taken to proceed with a project, i.e. it establishes “economy” and identifies “equity”. The end point is to compare the projected outcomes against the actual outcomes, i.e. to confirm the “effectiveness” of the project in delivering value for money.

Implementation sits between “economy” and “effectiveness” in the results chain framework. It needs to be executed “efficiently” in order to minimise time delays, scope creep and unproductive costs, and to mitigate the effects of uncertainty on objectives so as to maintain the value-for-money proposition formulated at the outset of the project. This necessitates that the implementer of an infrastructure project exercises due care and reasonableness during implementation. Failure to do so may result in substandard or unacceptable performance, which results in a gap between intended and achieved outcomes. This gap puts value for money for a project at risk and may result in unintended consequences, such as community instability and unrest.

Organs of state which are required to implement this standard need to establish a suitable supply chain management policy for infrastructure procurement and delivery management in order to do so.

Standard for Infrastructure Procurement and Delivery Management

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1 SCOPE

1.1 This standard establishes a supply chain management system for infrastructure procurement and delivery management by organs of state which are subject to the Public Finance Management Act, the Local Government: Municipal Finance Management Act, or which implement infrastructure projects on behalf of another organ of state in terms of section 238 of the Constitution of the Republic of South Africa, 1996. This standard:

- a) provides a control framework for the planning, design and execution of infrastructure projects, the tracking of such projects and the monitoring of performance which:
 - 1) enables risks to be proactively managed;
 - 2) is capable of being audited;
 - 3) is aimed at ensuring that any infrastructure acquired or to be acquired:
 - is in accordance with the legal mandates and strategic priorities;
 - is delivered in the right quantity and quality, and at the right place and time;
 - is financially, economically and technically viable and offers value for money over its life cycle;
 - is affordable in terms of existing budget and future budgetary projections after taking into account life cycle costs;
 - is acquired in accordance with any required statutory permissions;
 - makes optimal utilisation of existing infrastructure as demand patterns change over time;
 - can be readily and economically maintained; and
 - is aligned between those who design and construct infrastructure, and those who subsequently occupy, use and manage the infrastructure;
- b) provides a control framework for infrastructure procurement;
- c) establishes requirements for the following matters as applied to infrastructure procurement and delivery management:
 - institutional arrangements;
 - demand management;
 - acquisition management;
 - contract management;
 - logistics management;
 - disposal management;
 - reporting of supply chain management information;
 - regular assessment of supply chain management performance;
 - risk management and internal control; and
- d) establishes minimum requirements for infrastructure procurement.

1.2 This standard facilitates the allocation of clear responsibilities for performing activities and making decisions at gates.

1.3 The standard does not apply to:

- a) the storage of goods and equipment, following their delivery to an organ of state, which are stored and issued to contractors or to employees of that organ of state;
- b) the disposal or letting of land;
- c) the conclusion of any form of land availability agreement;
- d) the leasing or rental of moveable assets;

- e) public private partnerships; and
- f) the provision of municipal services by means of external mechanisms referred to in Chapter 8 of the Municipal Systems Act.

1.4 The standard includes the procurement of goods and services necessary for a new facility, as delivered to be occupied and used as a functional entity.

2 TERMS AND DEFINITIONS

- 2.1 For the purposes of this document, the definitions and terms given in SANS 10845-1, SANS 10845-2 and the following apply.

adjudication: a form of dispute resolution where, unlike other means of resolving disputes involving a third party intermediary, the outcome is a decision by a third party which is binding on the parties in dispute and is final unless and until reviewed by either arbitration or litigation

advance payment: sum of money paid to the contractor after the contract is signed but before work starts or goods or services or any combination thereof are supplied

alteration: changing, extending or modifying the character or condition of infrastructure

building: infrastructure that has the provision of shelter for its occupants or contents as one of its main purposes, usually partially or totally enclosed and designed to stand permanently in one place

building tuning: the review and fine-tuning of all the system settings made during the pre-occupation commissioning, so that the re-commissioning which takes place at the end of the 12-month tuning period results in settings which reflect how the occupants actually behave and the building responds to climatic conditions

construction: everything that is constructed or results from construction operations

control budget: the amount of money which is allocated or made available to deliver or maintain infrastructure associated with a project or package, including site costs, professional fees, all service and planning charges, applicable taxes, risk allowances and provision for price adjustment for inflation

contract management: applying the terms and conditions, including the agreed procedures for the administration thereof

contractor: person or organisation that contracts with the employer to provide goods or services or any combination thereof covered by the contract

defect: non-conformity of a part or component of the works to a requirement specified in terms of a contract

employer: organ of state intending to or entering into a contract with a contractor

framework agreement: an agreement between an organ of state and one or more contractors, the purpose of which is to establish the terms governing orders to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged

gate: a control point at the end of a process where a decision is required before proceeding to the next process or activity

gateway review: an independent review of the available information at a gate upon which a decision to proceed or not to the next process is based

infrastructure:

- a) immovable assets which are acquired, constructed or which result from construction operations; or
- b) movable assets which cannot function independently from purpose-built immovable assets

infrastructure delivery: the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, refurbishment, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

infrastructure procurement: the procurement of goods or services including any combination thereof associated with the acquisition, refurbishment, rehabilitation, alteration, maintenance, operation or disposal of infrastructure

maintenance: the combination of all technical and associated administrative actions during an item's service life to retain it in a state in which it can satisfactorily perform its required function

major capital project: an infrastructure project or a series of interrelated infrastructure projects on a single site having an estimated cost, including those required for new facilities or systems to become fully operational, above a prescribed threshold

major public entity: a public entity included in the list in Schedule 2 to the Public Finance Management Act

metropolitan municipality: a Category A municipality as provided for in section 155 of the Constitution of the Republic of South Africa, 1996

national government business enterprise: a public entity included in the list in Schedule 3B to the Public Finance Management Act

operation: combination of all technical, administrative and managerial actions, other than maintenance actions, that results in the item being in use

operations and maintenance support plan: a plan which establishes the organisational structure required for the operation and maintenance of the works over its service life, and the office, stores, furniture, equipment, Information and Communications Technology (ICT), engineering infrastructure and staff training requirements

order: an instruction to provide goods, services or any combination thereof under a framework agreement

organ of state: an organ of state as defined in section 239 of the Constitution of the Republic of South Africa

package: work which is grouped together for delivery under a single contract or an order

portfolio: collection of projects or programmes and other work that are grouped together to facilitate effective management of that work to meet a strategic objective

procurement document: documentation used to initiate or conclude (or both) a contract or the issuing of an order

procurement strategy: selected packaging, contracting, pricing and targeting strategy and procurement procedure for a particular procurement

programme: the grouping of a set of related projects in order to deliver outcomes and benefits related to strategic objectives which would not have been achieved had the projects been managed independently

provincial government business enterprise: a public entity included in the list in Schedule 3D to the Public Finance Management Act

public private partnership: a commercial transaction between an organ of state and a private party in terms of which the private party:

- a) performs an institutional function on behalf of the organ of state or acquires the use of state property for its own commercial purposes; and
- b) assumes substantial financial, technical and operational risks in connection with the performance of the institutional function or use of state property; and
- c) receives a benefit for performing the institutional function or from utilising the state property, either by way of:

- 1) consideration to be paid by the organ of state which derives from a revenue fund or, where an organ of state is a national government business enterprise or a provincial government business enterprise, from the revenues of such institution; or
- 2) charges or fees to be collected by the private party from users or customers of a service provided to them; or
- 3) a combination of such consideration and such charges or fees

quality: totality of features and characteristics of a product or service that bears on the ability of the product or service to satisfy stated or implied needs

refurbishment: modification and improvements to existing infrastructure in order to bring it up to an acceptable condition

rehabilitation: extensive work to bring infrastructure back to acceptable functional conditions, often involving improvements

repair: physical action taken to restore the required function of a faulty item

retention sum: sum retained for a certain period to offset costs which may arise from the contractor's failure to comply fully with the contract

service delivery agreement: an agreement between two or more organs of state setting out the terms and conditions and roles and responsibilities regarding infrastructure delivery which promotes and facilitates inter-institutional relations and the principles of participation, cooperation and coordination

service life: the period of time after acquisition or construction during which the infrastructure or its parts meet or exceed the performance demanded or expected to be fulfilled

stage: a collection of logically related activities in the infrastructure delivery cycle that culminates in the completion of a major deliverable

statutory permission: any relevant approval, consent or permission in terms of any legislation required to plan and deliver the infrastructure

target contract: a cost reimbursement contract in which a preliminary target cost is estimated and on completion of the work the difference between the target cost and the actual cost is apportioned between the parties to the contract on an agreed basis.

value for money: the optimal use of resources to achieve intended outcomes

3 NORMATIVE REFERENCES

3.1 Acts of Parliament

The following referenced Acts of Parliament are indispensable for the application of this document:

- Architectural Profession Act, 2000 (Act No. 44 of 2000)
- Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
- Constitution of the Republic of South Africa, 1996
- Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)
- Engineering Profession Act, 2000 (Act No. 46 of 2000)
- Landscape Architectural Profession Act, 2000 (Act No. 45 of 2000)
- Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- Municipal Systems Act, 2000 (Act No. 32 of 2000)
- National Archives and Record Services of South Africa Act, 1996 (Act No. 43 of 1996)
- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
- Project and Construction Management Professions Act, 2000 (Act No. 48 of 2000)
- Public Finance Management Act, 1999 (Act No. 1 of 1999)
- Quantity Surveying Profession Act of 2000 (Act No. 49 of 2000)
- South African Schools Act, 1996 (Act No. 84 of 1996)

3.2 Standards

The following referenced standards and the forms of contract identified in this standard are indispensable for the application of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

- South African Bureau of Standards, SANS 10845-1, *Construction procurement – Part 1: Processes, methods and procedures*
- South African Bureau of Standards, SANS 10845-2, *Construction procurement – Part 2: Formatting and compilation of procurement documentation*
- South African Bureau of Standards, SANS 10845-3, *Construction procurement – Part 3: Standard conditions of tender*
- South African Bureau of Standards, SANS 10845-4, *Construction procurement – Part 4: Standard conditions for the calling for expressions of interest*
- Standard for Uniformity in Construction Procurement, Construction Industry Development Board

4 CONTROL FRAMEWORKS

4.1 Control framework for infrastructure delivery management

4.1.1 General

4.1.1.1 The control framework for the management of infrastructure delivery shall comprise the applicable stages and gates as set out in Figure 1 and the key deliverables described in Table 1. Stages 3 to 9 may be omitted where the required work does not involve the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure. Stages 5 and 6 may be omitted if sufficient information to proceed to stage 7 is contained in the stage 4 deliverable. Decisions to proceed to the next stage shall at each gate, subject to the provisions of 4.1.1.2, be based on the acceptability or approval of the end-of-stage deliverable.

4.1.1.2 A stage shall only be complete when the deliverable has been approved or accepted by the person or persons designated in the institutional arrangements to do so. Activities associated with stages 5 to 9 may be undertaken in parallel or series, provided that each stage is completed in sequence.

4.1.1.3 The level of detail contained in a deliverable associated with the end of each stage shall be sufficient to enable informed decisions to be made to proceed to the next stage. In the case of stages 3 to 6, such detail shall, in addition, be sufficient to form the basis of the scope of work for taking the package forward in terms of the selected contracting strategy.

4.1.1.4 Prefeasibility and feasibility reports shall be required as end-of-stage deliverables for stages 3 and 4, respectively, where one or more of the following applies:

a) the major capital project is required for:

- 1) a major public enterprise where the total project capital expenditure exceeds R1,5 billion; or
- 2) an organ of state subject to the Public Finance Management Act other than a major public enterprise where the total project capital expenditure exceeds R1,0 billion including VAT, or where the expenditure per year for a minimum of three years exceeds R250 million per annum including VAT;

b) the project is not:

- 1) a building project with or without related site works; or
- 2) a process-based, somewhat repetitive or relatively standardised project where the risk of failing to achieve time, cost and quality objectives is relatively low; or

c) the organ of state's infrastructure procurement and delivery supply chain management policy requires that prefeasibility and feasibility reports be produced during stages 3 and 4 respectively.

4.1.1.5 Stages 3 and 4 shall be repeated for each package if the acceptance at stage 4 is for the acceptance of a project comprising a number of packages which are to be delivered over time.

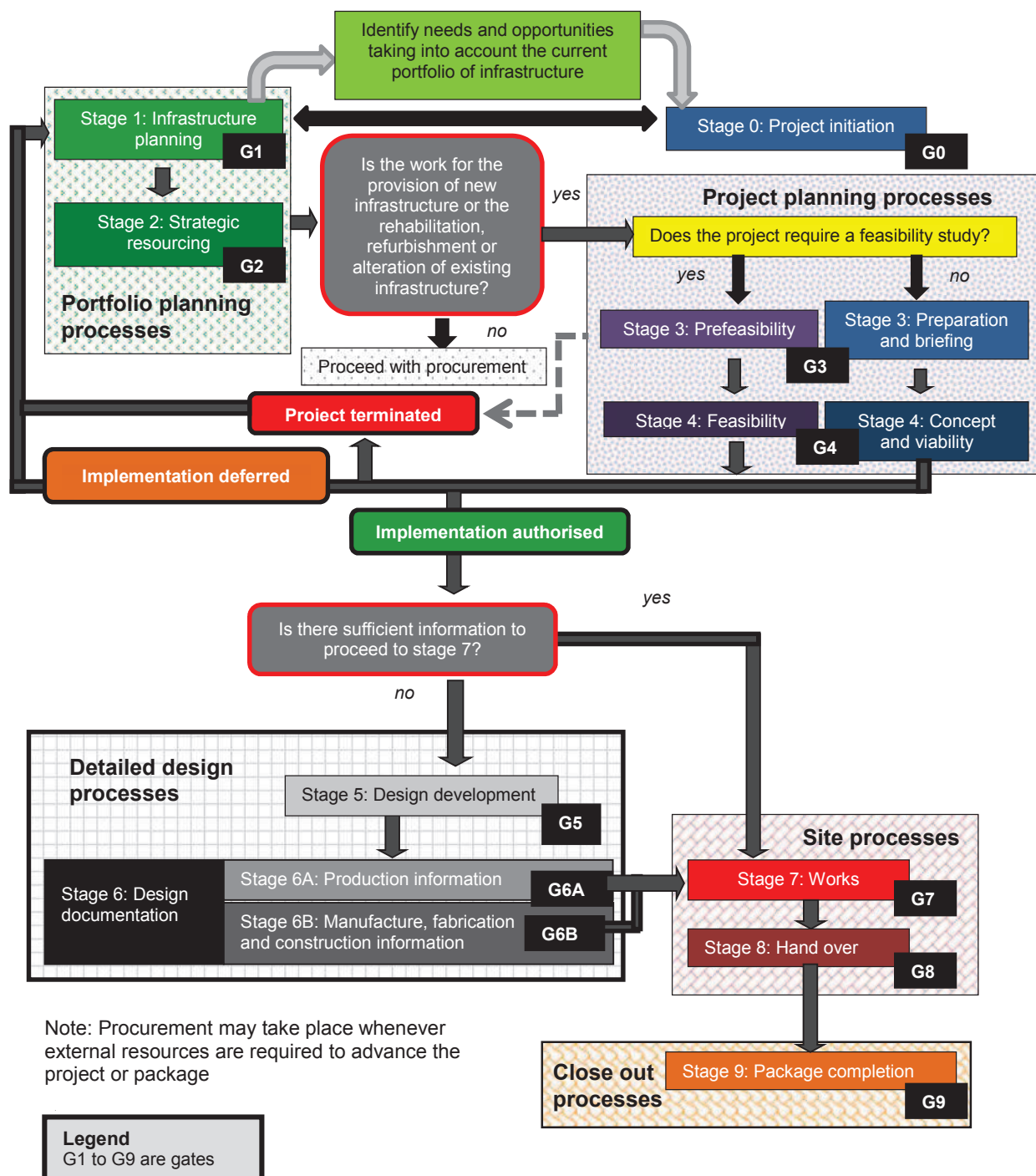


Figure 1: Stages and gates associated with the control framework for infrastructure delivery management

Table 1: End-of-stage deliverables

Stage		End-of-stage deliverable
No	Name	
0	Project initiation	An initiation report which outlines the high-level business case together with the estimated project cost and proposed schedule for a single project or a group of projects having a similar high-level scope
1	Infrastructure planning	An infrastructure plan which identifies and prioritises projects and packages against a forecasted budget over a period of at least five years
2	Strategic resourcing	A delivery and/or procurement strategy which, for a portfolio of projects, identifies the delivery strategy in respect of each project or package and, where needs are met through own procurement system, a procurement strategy
3	Prefeasibility	A prefeasibility report which determines whether or not it is worthwhile to proceed to the feasibility stage
	Preparation and briefing	A strategic brief which defines project objectives, needs, acceptance criteria and client priorities and aspirations, and which sets out the basis for the development of the concept report for one or more packages
4	Feasibility	A feasibility report which presents sufficient information to determine whether or not the project should be implemented
	Concept and viability	A concept report which establishes the detailed brief, scope, scale, form and control budget, and sets out the integrated concept for one or more packages
5	Design development	A design development report which develops in detail the approved concept to finalise the design and definition criteria, sets out the integrated developed design, and contains the cost plan and schedule for one or more packages
6	Design documentation	6A Production information Production information which provides the detailing, performance definition, specification, sizing and positioning of all systems and components enabling either construction (where the constructor is able to build directly from the information prepared) or the production of manufacturing and installation information for construction
		6B Manufacture, fabrication and construction information Manufacture, fabrication and construction information produced by or on behalf of the constructor, based on the production information provided for a package which enables manufacture, fabrication or construction to take place
7	Works	Completed works which are capable of being occupied or used
8	Handover	Works which have been taken over by the user or owner complete with record information
9	Package completion	Works with notified defects corrected, final account settled and the close out report issued

- 4.1.1.6** The infrastructure plan (stage 1), which is informed by demand management requirements as set out in 6.2, initiation reports (stage 0), decisions made during stages 3 and 4 and work in progress in stages 5 to 9, and the procurement strategy (stage 2) shall be reviewed and updated at least once a year.
- 4.1.1.7** An organ of state may, if it deems it necessary, add additional gates to the control framework presented in Figure 1.
- 4.1.1.8** The approval of the infrastructure plan and the securing of the necessary budget shall be obtained prior to advancing to stage 3. All subsequent stages shall only be proceeded with if the necessary budget is in place.

4.1.1.9 The approvals or acceptances at each gate shall be retained for record purposes for a period of not less than five years of such acceptance or approval in a secured environment, unless otherwise determined in terms of the National Archives and Record Services of South Africa Act.

4.1.2 Stage 0: Project initiation

4.1.2.1 Projects, or groups of projects having a similar high-level scope, which are appraised, shall address particular strategic needs or business opportunities which fall within the organ of state's legislated or sanctioned mandate.

4.1.2.2 Objective decision-making criteria based on factors such as those relating to strategic objectives, national, provincial or regional priorities, the level of stakeholder support, legislative compliance, risk considerations and financial justification shall be used to motivate the acceptance of a project into the infrastructure plan.

4.1.2.3 The initiation report for a project shall as a minimum:

- a) provide a project description and high-level scope of work;
- b) outline key issues and solution options that were interrogated;
- c) outline options that were evaluated;
- d) indicate the high-level business case; and
- e) provide the estimated project cost and indicative high-level schedule.

4.1.2.4 The decision-making criteria, findings, assumptions and recommendations shall be documented in the initiation report.

4.1.2.5 Stage 0 is complete when the initiation report is accepted.

4.1.3 Stage 1: Infrastructure planning

4.1.3.1 The infrastructure plan for a portfolio of projects or packages which require implementation shall cover a period of not less than five years. Such a plan shall be:

- a) described by the high-level scope of work for each project, the proposed time schedule, the estimated total project cost and annual budget requirement, the geographical location, any known encumbrances and estimated timeframes for removing these encumbrances; and
- b) aligned with all prescribed planning, budgeting, monitoring and reporting requirements.

4.1.3.2 Stage 1 is complete when the infrastructure plan is approved.

4.1.4 Stage 2: Strategic resourcing

4.1.4.1 A delivery management strategy shall be developed following the conducting of a spend, organisational and market analysis. Such a strategy shall indicate how needs are to be met for each category of spend through one or more of the following:

- a) a public private partnership;
- b) another organ of state on an agency basis;
- c) another organ of state's framework agreement;
- d) own resources; or
- e) own procurement system.

4.1.4.2 A procurement strategy shall, based on the spend, organisational and market analysis, document the selected packaging, contracting, pricing and targeting strategy and procurement procedure for all required goods or services or any combination thereof including professional services.

4.1.4.3 The procurement strategy shall include the rationale for adopting a particular option.

4.1.4.4 Organs of state who engage another organ of state to provide agency services shall develop a delivery management and procurement strategy covering the projects which are subject to an agency agreement (see 5.2), in consultation with that organ of state.

4.1.4.5 Stage 2 is complete when the delivery and procurement strategy is approved.

4.1.5 Stage 3: Preparation and briefing or prefeasibility

4.1.5.1 The strategic brief shall as necessary:

- a) confirm the scope of the package and identify any constraints, including those relating to occupational health and safety;
- b) establish the project criteria, including the performance and reliability requirements, design life, service life of components, function, maintenance and replacement requirements, mix of uses, scale, location, quality, value, time, safety, health, environment and sustainability;
- c) identify procedures, organisational structure, key constraints, statutory permissions (e.g. environmental, heritage, social, planning, building control), and utility approvals, policies (e.g. environmental, developmental, social, maintenance or facilities management) and strategies to take the package forward;
- d) identify risks that need to be mitigated;
- e) identify interfaces between packages as necessary; and
- f) establish the control budget for the package, ownership costs and schedule for the package or series of packages.

4.1.5.2 The prefeasibility study shall as necessary:

- a) document the owner or user requirements specification;
- b) shortlist the options that were considered;
- c) provide a preliminary design for study options;
- d) provide preliminary capital estimate and the proposed schedule; and
- e) present the study outcomes.

4.1.5.3 Stage 3 is complete when the prefeasibility report or the strategic brief, as required, is accepted.

4.1.6 Stage 4: Concept and viability or feasibility

4.1.6.1 The concept report shall as necessary:

- a) document the initial design criteria and design options or the methods and procedures required to maintain the condition of infrastructure for the package;
- b) establish the detailed brief, scope, scale, form and cost plan for the package;
- c) provide an indicative schedule for documentation and construction or maintenance services associated with the package;
- d) contain a site development plan or other suitable schematic layouts of the works;
- e) describe the statutory permissions, funding approvals or utility approvals required to proceed with the works associated with the package;

- f) include a baseline risk assessment for the package, and a health and safety plan which is required in terms of the requirements of the Construction Regulations issued in terms of the Occupational Health and Safety Act;
- g) contain a risk report linked to the need for further surveys, tests, other investigations and consents and approvals, if any, during subsequent stages and identified health, safety and environmental risk;
- h) contain an operations and maintenance support plan which establishes the organisational structure required for the operation and maintenance of the works resulting from the package or series of packages over its service life, and the office, stores, furniture, equipment, Information and Communications Technology (ICT), engineering infrastructure and staff training requirements;
- i) confirm the financial sustainability of the project; and
- j) establish the feasibility of satisfying the strategic brief for the package or series of packages within the control budget established during stage 3 and, if not, motivate a revised control budget.

4.1.6.2 A feasibility report shall as a minimum provide the following:

- a) details regarding the preparatory work covering:
 - 1) a needs and demand analysis with output specifications; and
 - 2) an options analysis;
- b) a viability evaluation covering:
 - 1) a financial analysis; and
 - 2) an economic analysis, if necessary;
- c) a risk assessment and sensitivity analysis;
- d) a professional analysis covering:
 - 1) a technology options assessment;
 - 2) an environmental impact assessment; and
 - 3) a regulatory due diligence; and
- e) implementation readiness assessment covering:
 - 1) institutional capacity; and
 - 2) a procurement plan

4.1.6.3 Stage 4 is complete when the feasibility report or the concept report, as required, is accepted.

4.1.7 Stage 5: Design development

4.1.7.1 The design development report shall as necessary:

- a) develop in detail the accepted concept to finalise the design and definition criteria;
- b) establish the detailed form, character, function and costings;
- c) define all components in terms of overall size, typical detail, performance and outline specification;
- d) describe how infrastructure, or elements or components thereof, are to function, how they are to be safely constructed, how they are to be maintained and how they are to be commissioned; and
- e) confirm that the package or series of packages can be completed within the control budget or propose a revision to the control budget.

4.1.7.2 Outline specifications shall be in sufficient detail to enable a view to be taken on the operation and maintenance implications of the design and the compatibility with existing plant and equipment.

4.1.7.3 Stage 5 is complete when the design development report is accepted.

4.1.8 Stage 6: Design documentation

4.1.8.1 Stage 6A (Production information) is complete when all the production information that is required to be accepted prior to being issued for construction, manufacturing or fabrication purposes has been accepted.

4.1.8.2 Stage 6B (Manufacture, fabrication and construction information) is complete when the manufacture, fabrication and construction information is accepted as being in accordance with the production information.

4.1.9 Stage 7: Works

Stage 7 is complete when:

- a) completion of the works is certified in accordance with the provisions of the contract; or
- b) the goods and associated services are certified as being delivered in accordance with the provisions of the contract.

4.1.10 Stage 8: Handover

4.1.10.1 The handover stage shall include as necessary the training of the end user's or the owner's staff in the operation of the delivered infrastructure.

4.1.10.2 The record information shall as relevant:

- a) accurately document the condition of the completed works associated with a package;
- b) accurately document the works as constructed or completed;
- c) contain information on the care and servicing requirements for the works or a portion thereof;
- d) contain information or instructions on the use of plant and equipment;
- e) confirm the performance requirements of the design development report and production information;
- f) contain certificates confirming compliance with legislation, statutory permissions and the like; and
- g) contain guarantees that extend beyond the defects liability period provided for in the package.

4.1.10.3 Record information shall, as relevant, provide those tasked with the operation and maintenance of infrastructure with the information necessary to:

- a) understand how the designers intended the works, systems, subsystems, assemblies and components to function;
- b) effectively operate, care for and maintain the works, systems, subsystems, assemblies and components to function;
- c) check, test or replace systems, subsystems, assemblies or components to ensure the satisfactory performance of works, systems, subsystems, assemblies and components over time;

- d) develop maintenance plans;
- e) determine stock levels for components and assemblies that need to be regularly replaced; and
- f) budget for the operation and maintenance of the works, systems, subsystems and components over time.

4.1.10.4 Arrangements shall be put in place to secure and safeguard the works from the time that the contractor's liabilities for damage to the works end until such time that the works are handed over to the end user or owner who shall accept such liabilities.

4.1.10.5 Stage 8 is complete when the end user or owner accepts liability for the works.

4.1.11 Stage 9: Close out

4.1.11.1 The close out report for the package shall outline what was achieved in terms of at least the following:

- a) the performance parameters outlined in 12;
- b) unit costs of completed work or major components thereof; and
- c) key performance indicators relating to developmental objectives.

4.1.11.2 The close out report shall make suggestions for improvements on future packages of a similar nature. Such a report should also comment on the performance of the contractor and, if relevant, include building tuning or similar reports.

4.1.11.3 Stage 9 is complete when, as relevant, defects certificates or certificates of final completion are issued in terms of the contract, the final amount due to the contractor in terms of the contract is certified and the close out report is accepted.

4.1.12 Approval of high-value national and provincial major capital projects

4.1.12.1 The approval process for major capital projects described in 4.1.12.2 to 4.1.12.6 shall apply to all national and provincial projects where the value of such projects including VAT exceeds:

- a) national and provincial departments and constitutional institutions: R7,5 billion
- b) major public enterprise, national government business enterprise, provincial government business enterprise and other public entities, the lessor of:
 - 1) R10 billion; or
 - 2) 4% of the organ of state's total assets or, if applicable, 2% of the organ of state's total revenue as reflected in its latest audited financial statements.

4.1.12.2 The end-of-stage deliverables for stage 0 (initiation report) and stage 4 (feasibility report) in the control framework for the management of infrastructure delivery (see Figure 1) shall, after taking into account the comments and recommendations of the relevant treasury, be approved by:

- a) cabinet, in the case of national departments, constitutional institutions and public entities listed in schedules 2, 3A and 3B of the Public Finance Management Act; or
- b) the executive council, in the case of provincial departments and public entities listed in schedules 3C and 3D of the Public Finance Management Act.

4.1.12.3 The end-of-stage deliverables for stage 3 (prefeasibility) shall, after taking into account the comments and recommendations of the relevant treasury, be approved by:

- a) the relevant member of the cabinet, in the case of national departments, constitutional institutions and public entities listed in schedules 2, 3A and 3B of the Public Finance Management Act; or
- b) the relevant member of the executive council, in the case of provincial departments and public entities listed in schedules 3C and 3D of the Public Finance Management Act.

4.1.12.4 The initiator of the inception, prefeasibility and feasibility reports shall submit such reports to the relevant treasury for comment prior to making a submission to cabinet, the relevant minister, executive council or relevant member of the executive council, as applicable. The relevant treasury shall within three weeks of receiving a report submit comments and recommendations to the initiator who may revise such reports in the light of the comments and recommendations made, and:

- a) request the relevant treasury to make comments and recommendations on the revised reports; or
- b) submit the report together with the latest version of the relevant treasury comments and recommendations for approval.

4.1.13 Gateway reviews

4.1.13.1 Gateway reviews for major capital projects above a threshold

4.1.13.1.1 All major capital projects having an estimated capital expenditure equal to or above the threshold established in Table 2 shall have a gateway review of the end-of-stage 4 deliverable, prior to the acceptance of such deliverable. The review shall be initiated by the organ of state which intends implementing the project. The focus of such a review shall in the first instance be on the quality of the documentation, and thereafter on:

- a) deliverability (the extent to which a project is deemed likely to deliver the expected benefits within the declared cost, time and performance envelope);
- b) affordability (the extent to which the level of expenditure and financial risk involved in a project can be taken up on, given the organisation's overall financial position, both singly and in the light of its other current and projected commitments); and
- c) value for money.

Table 2: Thresholds for gateway reviews of major capital projects

Organ of state	Estimated cost inclusive of VAT
National department	R100 million
Provincial department or metropolitan municipality	R100 million
Municipality other than a metropolitan municipality	R50 million
Major public entity	R500 million
National government business enterprise Provincial government business enterprise	R250 million
Other	R100 million

4.1.13.1.2 A gateway review team shall comprise not less than three persons who are not involved in the project associated with the works covered by the end of the stage 4 deliverable, and who are familiar with various aspects of the subject matter of the deliverable at the end of the stage under review. Such a team shall be led by a person who has at least six years post-graduate experience in the planning of infrastructure projects and is registered either as a

professional engineer in terms of the Engineering Profession Act, a professional quantity surveyor in terms of the Quantity Surveying Profession Act or a professional architect in terms of the Architectural Profession Act. The members of the team shall, as relevant, have expertise in key technical areas, cost estimating, scheduling and implementation of similar projects.

4.1.13.1.3 The relevant treasury shall be notified of a proposed gateway review for a major capital project, three weeks prior to the conducting of such a review. Such notification shall be accompanied by a brief outline of the proposed project or package, the names and qualifications of the reviewers and the timeframes for the review. The relevant treasury may nominate additional persons to serve on the review team.

4.1.13.1.4 The gateway review team shall base its findings primarily on:

- a) the information contained in the end-of-stage deliverables;
- b) supplementary documentation, if any, provided by key staff obtained during an interview process; and
- c) interviews with key staff members and stakeholders.

4.1.13.1.5 The gateway review team shall issue a report at the conclusion of a gateway review which indicates the team's assessment of the information at the end of a stage and provides findings or recommendations on areas where further work may be undertaken to improve such information.

4.1.13.1.6 Aspects in the report shall be flagged as being:

- a) code red: team considers the aspect to pose a significant risk to the project or package;
- b) code amber: team considers the aspects which indicate a minor risk to the project or package; or
- c) code green: team considers the aspect to have been given adequate consideration to the extent that it is unlikely to jeopardise the success of progressing to the next stage, or minor adjustments may be required before proceeding.

4.1.13.1.7 The contents of the gateway review report shall be taken into account when accepting the stage 4 deliverable. A stage 4 deliverable shall not be accepted until such time that all code red risks have been addressed in the stage 4 end-of-stage deliverable.

4.1.13.2 Gateway reviews initiated by the relevant treasury

4.1.13.2.1 A relevant treasury may at any time institute a gateway review of any of the end-of-stage deliverables associated with the control framework, irrespective of the estimated cost of a project. The focus of such a review shall be determined by the relevant treasury. The implementer of a project shall be notified of the review and its focus at least three weeks prior to the conducting of the review.

4.1.13.2.2 The implementer shall provide a person to lead the review and one other person to serve on the team, both of whom satisfy the requirements of 4.1.13.1.2.

4.1.13.2.3 The gateway review shall be conducted substantially in accordance with the provisions of 4.1.13.1.4 to 4.1.13.1.6.

4.2 Control framework for infrastructure procurement

4.2.1 General

4.2.1.1 Infrastructure procurement shall be implemented in accordance with the provisions of the control framework indicated in Figure 2 which contains:

- a) procurement gates;
- b) framework agreement gates;
- c) reporting points, where applicable, for interfacing with the Construction Industry Development Board's (CIDB) register of projects; and
- d) a gate relating to the interface with a financial management system.

4.2.1.2 The activities associated with the control framework indicated in Figure 2 are set out in Tables 3 and 4 whenever a negotiated, competitive selection or competitive negotiations procedure is applied, with the exception of the shopping procedure. Procurement Gates 6 and 7 may be combined in the case of the quotation procedure and the negotiation procedure where the value of the contract is less than the threshold set for the quotation procedure.

4.2.1.3 The level of detail contained in the documentation upon which a decision is made at a gate shall be sufficient to enable informed decisions to be made to proceed to the next activity or to undertake a particular procedure.

4.2.1.4 The approvals or acceptances at each gate shall be retained for record and audit purposes for a period of not less than five years of such acceptance or approval in a secured environment, unless otherwise determined in terms of the National Archives and Record Services of South Africa Act.

4.2.2 Specific requirements relating to the review of procurement documents

4.2.2.1 The approval of procurement documents at Procurement Gate 3 or Framework Agreement Gate 2 shall be based on the contents of a procurement documentation review report. Where the procurement relates to the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure, such a report shall be prepared by one or more persons who participated in the review and who are registered as:

- a) a professional architect or professional senior architectural technologist in terms of the Architectural Profession Act or a professional landscape architect or a professional landscape technologist in terms of the Landscape Architectural Profession;
- b) a professional engineer or professional engineering technologist in terms of the Engineering Profession Act; or
- c) a professional quantity surveyor in terms of the Quantity Surveying Professions Act.

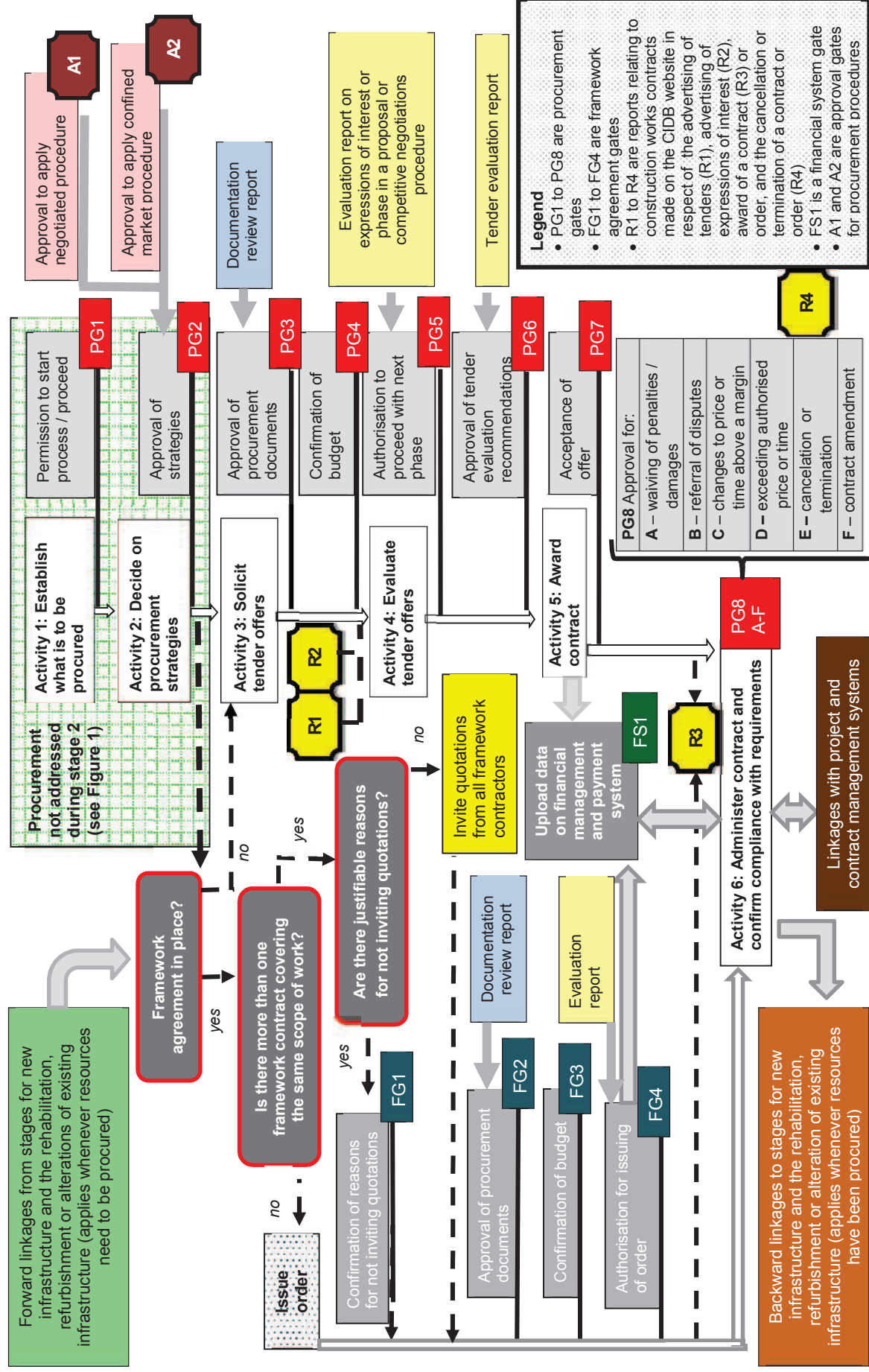


Figure 2: Control framework for procurement (acquisition and contract management) processes

Table 3: Procurement activities and gates associated with the formation and conclusion of contracts above the threshold for the quotation procedure

Activity		Sub-Activity*		
1	Establish what is to be procured (Applies only to goods and services not addressed in a procurement strategy developed in terms of 4.1)	1.1	Prepare broad scope of work for procurement	
		1.2	Estimate financial value of proposed procurement	
		1.3 PG1	Obtain permission to start with the procurement process	
2	Decide on procurement strategy (Applies only to goods or services not included in a procurement strategy developed in terms of 4.1)	2.1	Establish opportunities for using procurement to promote developmental procurement policies, if any	
		2.2	Establish contracting and pricing strategy	
		2.3	Establish targeting strategy	
		2.4	Establish procurement procedure	
		2.5 PG2	Obtain approval for procurement strategies that are to be adopted, including specific approvals to approach a confined market or the use of the negotiation procedure	
3	Solicit tender offers	3.1	Prepare procurement documents	
		3.2 PG3	Obtain approval for procurement documents	
		3.3 PG4	Confirm that budgets are in place	
		3.4	Invite: <ul style="list-style-type: none">tender offers; orexpressions of interest (qualified procedure or restricted competitive negotiations procedure)	
		3.5	Receive submissions	
		3.6	Open and record submissions received	
4	Evaluate tender offers	4.1	Qualified procedure, proposal procedure or competitive negotiations procedure only	Evaluate and prepare evaluation report on submissions received
		4.2 PG5		Obtain authorisation to proceed with next phase of tender process
		4.3		Invite tender offers from qualified respondents or selected tenderers
		4.4		Open and record submissions received and, if necessary, repeat 4.1 to 4.4
		4.5	Evaluate tender offers and prepare a tender evaluation report	
		4.6 PG6	Confirm recommendations contained in the tender evaluation report	
5	Award contract	5.1	Notify unsuccessful tenderers of outcome	
		5.2	Compile contract document	
		5.3 PG7	Award contract	
		5.4	Capture contract award data on management systems	
		5.5 GF1	Upload data in financial management and payment system	

Table 3 (concluded)

Activity		Sub-Activity*	
6	Administer contracts and confirm compliance with requirements	6.1	Administer contract in accordance with the terms and provisions of the contract
		6.2	Confirm compliance with requirements
		6.3	Capture contract completion / termination data
		6.4 PG8A	Obtain approval to waive penalties or low performance damages
		6.5 PG8B	Obtain approval to notify and refer a dispute to an adjudicator, or for final settlement to an arbitrator or court of law
		6.6 PG8C	Obtain approval to increase the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at the award of a contract or the issuing of an order up to a specified percentage
		6.7 PG8D	Obtain approval to exceed the total of prices, excluding contingencies and price adjustment for inflation, or the time for completion at award of a contract or the issuing of an order by more than 20% and 30%, respectively
		6.8 PG8E	Obtain approval to cancel or terminate a contract
		6.9 PG8F	Obtain approval to amend a contract
		6.10	Close out the contract

* Shaded cells indicate the presence of a procurement gate

Table 4: Procurement activities and gates associated with the issuing of an order in terms of a framework agreement

Activity*	
1 FG1	Confirm justifiable reasons for selecting a framework contractor where there is more than one framework agreement covering the same scope of work
2	Prepare procurement documents
3 FG2	Obtain approval for procurement documents
4 FG3	Confirm that budgets are in place
5	Quotations amongst framework contractors not invited: Issue draft order documentation and consult with contractor and prepare evaluation report Quotations amongst framework contractors invited: Invite quotations from all framework contractors participating in the agreement, receive and evaluate submissions and prepare evaluation report
6 FG4	Authorise the issuing of the order
7	Log order onto management system
8	Issue order to contractor
9	Notify issuing of order to oversight person
10	Administer orders in accordance with contract and confirm compliance with requirements

*Shaded cells indicate the presence of a framework gate

4.2.2.2 The review of procurement documents associated with the negotiation, competitive selection or competitive negotiation procedure shall confirm that:

- a) the procurement documents have been formatted and compiled in accordance with the requirements of SANS 10845-2, this standard and, where applicable, the CIDB Standard for Uniformity in Construction Procurement, and are aligned with the approved procurement strategy;

- b) appropriate prompts for judgement are included in procurement documents in accordance with the requirements of SANS 10845-1 whenever quality is evaluated and scored in the evaluation of calls for expressions of interest or tender offers;
- c) the selected form of contract in the case of a tender that is solicited is in accordance with the requirements of 14.5.3 and any standard templates required by the organ of state have been correctly applied;
- d) the necessary approval has been obtained for additional clauses or variations to the standard clauses in the conditions of contract, conditions of tender or conditions for the calling for expressions of interest, as relevant, not provided for in the organ of state's approved templates;
- e) the selected submission data in the case of a call for an expression of interest, or tender data and contract data options in the case of a tender, are likely to yield best value outcomes;
- f) the scope of work adequately establishes what is required and the constraints to the manner in which the contract work is to be provided, and satisfies the drafting requirements of SANS 10845-1;
- g) the submission or returnable documents are necessary and will enable submissions to be evaluated fairly and efficiently; and
- h) the risk allocations in the contract and pricing data are appropriate.

4.2.2.3 The review of procurement documentation associated with the issuing of an order shall confirm that:

- a) any standard templates required by the organ of state have been correctly applied;
- b) the necessary approval has been obtained for additional clauses or variations to the standard clauses in the conditions of contract not provided in the organ of state's approved templates or the contract;
- c) the scope of work adequately establishes what is required and the constraints to the manner in which the contract work is to be provided;
- d) the provisions for competition amongst framework contractors, if relevant, and the selected options are likely to yield best value outcomes; and
- e) the risk allocations are appropriate.

4.2.2.4 The review conducted to confirm the provisions of 4.2.2.2 and 4.2.2.3 shall identify sections, if any, which require amendments or improvements.

4.2.2.5 The documentation review report shall:

- a) list the names and qualifications of the team members;
- b) confirm that the documents are in accordance with the requirements of this standard;
- c) capture any comments or opinions which the team may wish to express; and
- d) recommend that the procurement documents be accepted with or without modifications.

4.2.3 Specific requirements relating to the evaluation of submissions

4.2.3.1 The authorisation to proceed with the next phase (Procurement Gate 5), the approval of tender evaluation recommendations (Procurement Gate 6) and the authorisation for the issuing of an order (Framework Agreement Gate 4) shall be based on the contents of an evaluation report.

- 4.2.3.2** The evaluation report shall be prepared by one or more persons who are conversant with the nature and subject matter of the procurement documents or the framework contract, and who are registered as:
- a) a professional architect or professional senior architectural technologist in terms of the Architectural Profession Act;
 - b) a professional engineer or professional engineering technologist in terms of the Engineering Profession Act;
 - c) a professional landscape architect or a professional landscape technologist in terms of the Landscape Architectural Profession;
 - d) a professional project manager or a professional construction manager in terms of the Project and Construction Management Professions Act; or
 - e) a professional quantity surveyor in terms of the Quantity Surveying Profession Act.
- 4.2.3.3** All communications with respondents and tenderers during the procurement process to obtain information and clarifications shall be made in writing through the employer's agent named in the submission or tender data. Records of all communications in this regard shall be made and retained for auditing purposes.
- 4.2.3.4** Submissions shall be evaluated strictly in accordance with the provisions of the procurement documents (see Annex C of SANS 10845-3 and Annex C of SANS 10845-4, as relevant). Where quality is evaluated, at least three persons who satisfy the requirements of 4.2.3.2 shall undertake such evaluation. Quality shall be scored in terms of the prompts for judgement, with fixed scores assigned to each prompt, either individually and averaged or collectively, as appropriate.
- 4.2.3.5** Those involved in the evaluation of submissions shall record their scores for quality against each of the criteria during the process of evaluation, preferably with notes to substantiate the scores. Individuals should record their own markings on a separate sheet. These documents shall be placed on file as an audit trail and may form the basis of any debriefing that takes place.
- 4.2.3.6** Evaluation reports shall be prepared in accordance with the content headings and relevant guidelines contained in Tables 5 or 6, with modifications as necessary where a two-envelope, two-stage process or competitive negotiation procedure is followed. Such reports shall contain extracts from the procurement documents which are linked to the evaluation of submissions, such as eligibility criteria, criteria associated with evaluation methods, preferencing, quality criteria (including prompts for judgement), the method by which tenders are reduced to a common base and lists of returnable documents. Such references shall enable those who are tasked with making decisions based on these documents to do so without having to refer back to submissions in order to understand the content of the report.
- 4.2.3.7** An evaluation report which recommends the award of a contract shall contain in annexures the reports, if any, of prior processes, e.g. a call for an expression of interest, a round in a competitive negotiation procedure or a stage in a competitive selection procedure.
- 4.2.3.8** An evaluation report covering the application of the negotiated procedure for the award of a contract or the issuing of an order, shall confirm that the negotiated amounts are market-related and represent value for money. Where the total of the prices associated with a target cost contract is negotiated, the total of prices shall be certified as being fair and reasonable by a professional quantity surveyor registered in terms of the Quantity Surveying Profession Act or a professional engineer registered in terms of the Engineering Profession Act.

Table 5: Content of an evaluation report relating to an expression of interest

Section heading		Subsection heading		Guidelines for the preparation of content
1	Summary	-	-	<p>Provide an overview of the parameters associated with the expression of interest, preferably in tabular form, including the following as relevant:</p> <ul style="list-style-type: none"> • Contract / project no and contract / project description • Purpose of the expression of interest • Media in which advertisement was placed • Advertisement date(s) • Estimated value of contract or orders which are likely to be awarded during the term of the contract, if applicable • Date from which documents were available • Number and title of addenda issued • Closing date • Details of clarification meeting, including date and place, if any • Number of submissions made • Number of responsive submissions received • Recommended outcomes of the process
2	An overview of the evaluation process	-	-	<p>Provide an overview of the procurement process, indicating the eligibility criteria that were applied. State points relating to evaluation criteria, prompts for judgement and weightings relating thereto. Reproduce the list of returnable documents.</p> <p>Provide, if applicable, an overview as to how the quality aspects of the submissions were scored.</p> <p>Record that those involved in the evaluation of tenders have no conflicts of interest or have declared any conflict of interest that they may have, and the nature of such conflict.</p>
3	Evaluation process	3.1	Submissions received	<p>List the submissions that were received.</p> <p>Describe any noteworthy events regarding the opening of submissions, e.g. the returning of late submissions.</p>
		3.2	Completeness of submissions received	<p>Compare submissions received against the list of returnable documents. State if any submissions were incomplete and outline how clarifications were obtained.</p> <p>Confirm if respondents took into account addenda, if any, in their submission.</p>
		3.3	Responsiveness of respondents	<p>Identify which of the submissions received were non-responsive and provide clear reasons for declaring respondents to be non-responsive.</p>
		3.4	Evaluation of submissions	<p>Record the manner in which submissions were evaluated.</p> <p>Record, where relevant, and preferably in a tabular form, the scores for each of the evaluation criteria and the total score (excluding those who failed to score above a threshold, if any).</p>
		3.5	Reasons for disqualification on the grounds of corrupt or fraudulent practice	<p>State reasons if applicable.</p>
		3.6	Compliance with legal requirements	<p>Confirm as relevant that respondents are not barred from participation, tax matters are in order, are registered, etc.</p>
4	Tender recommendation	-	-	<p>Make a recommendation for the outcome of the process, e.g. admit to a database or prequalify / shortlist respondent to be invited to submit tender offers.</p> <p>Record the names and qualifications of those who performed the evaluation.</p>
5	Confirmation of recommendations	-	-	<p>Make provision for the confirmation or amendment of the recommended action.</p>

Table 6: Content of an evaluation report relating to the solicitation of tender offers

Section heading		Subsection heading		Guidelines for the preparation of content
1	Summary	-	-	<p>Provide an overview of the parameters associated with the solicitation of the tender, preferably in tabular form, including the following as relevant:</p> <ul style="list-style-type: none"> • Contract / Project / Tender number • Contract description • Contract duration • Purpose of tender • Contracting strategy, pricing strategy, form of contract and targeting strategy • Procurement procedure and method of tender evaluation • Tender validity expiry date • Alternative tenders (not permitted or state conditions under which permitted) • Media in which advertisement was placed, if not a nominated or qualified competitive selection procedure or a restricted competitive negotiations procedure • Date of advertisement(s) • Date from which documents were available • Details of clarification meeting, including date and place, if any • Tender closing date • Number and title of addenda issued • Number of tenders received • Number of responsive tenders • Recommended tender(s) • Cost estimate (budget), unless a framework contract • Lowest responsive and realistic tender used for comparative purposes (tender price, specific goals, etc.)
2	An overview of the tender evaluation process	-	-	<p>Provide an overview of the procurement process, indicating the eligibility criteria that were applied and the evaluation criteria. State specific goals and points relating to preferences, as well as any quality evaluation criteria, prompts for judgement and weightings relating thereto.</p> <p>Reproduce the list of returnable documents.</p> <p>Provide an overview as to how the quality aspects of the tender were scored.</p> <p>Record that those involved in the evaluation of tenders have no conflicts of interest or have declared any conflict of interest that they may have, and the nature of such conflict.</p>
3	Tender evaluation process	3.1	Tender offers received	<p>List the tender offers that were received.</p> <p>Describe any noteworthy events regarding the opening of submissions, e.g. the returning of late tenders and the declaring of submissions non-responsive on the grounds that they were not received in the prescribed manner.</p>
		3.2	Completeness of tenders received	<p>Compare tender submissions received against list of returnable documents. State if any tender submissions received were incomplete and indicate what was not complete. Indicate what steps were taken to make incomplete tenders complete, only where this does not affect the competitive position of the tenderer in question. List all communications with tenderers.</p> <p>Confirm if tenderers took into account addenda, if any, in their tender submission.</p>
		3.3	Responsiveness of tenderers	<p>Identify which of the tenders received were non-responsive and provide clear reasons for declaring such tenders to be non-responsive.</p>

Table 6 (concluded)

Section heading		Subsection heading		Guidelines for the preparation of content
3	Tender evaluation process (continued)	3.4	Evaluation of tender offers	Record the manner in which tenderers were reduced to a common basis: Record preferably in a tabular form: <ul style="list-style-type: none"> the scores for each of the evaluation criteria; the total score (excluding those who failed to score above a threshold); the pricing parameters that were tendered to enable compensation events to be evaluated of contractors to be paid in cost reimbursable or target cost contract. Provide reasons for not granting a preference or considering a financial offer to be unrealistically low.
		3.5	Reasons for disqualification on the grounds of corrupt or fraudulent practice	State reasons if applicable.
		3.6	Compliance with legal requirements	Confirm as relevant that tenderers are not barred from participation, tax matters are in order, are registered, etc.
		3.7	Acceptability of preferred tenderer	State any reasons why the tenderer with the highest points should not be considered for the award of the tender, e.g. commercial risk, restrictions, lack of capability and capacity, legal impediments, etc. Also state any arithmetical corrections that have been made.
4	Outcome of the evaluation	-	-	Make a recommendation for the award of the tender and state any qualifications / conditions associated with such an award. Record the names and qualifications of those who performed the evaluation.
5	Confirmation of recommendations	-	-	Make provision for the recommendations for the award of the tender to be confirmed or amended.

4.2.4 Authorisation to proceed with the next phase of the procurement process

The person authorised to enable a procurement process to progress to the next phase of the process shall review the evaluation report and either refer the report back to those responsible for such a report or authorise the procurement process to proceed to the next phase after:

- confirming that the report is complete and addresses all considerations necessary to make a decision;
- confirming the validity and reasonableness of reasons provided for the elimination of tenderers or respondents; and
- considering commercial risks and identifying any risks that have been overlooked which warrant investigation prior to taking a final decision.

4.2.5 Authorisation for issuing of an order

The person responsible for authorising an order shall, prior to authorising the issuing of an order:

- confirm that the required goods or services, or any combination thereof, are within the scope of work associated with the relevant framework contract; and
- consider the recommendations of the evaluation report where competition amongst framework contracts takes place (see 14.3.6) or a significant proportion of the total of the prices is negotiated, based on the financial parameter contained in the framework contract, and either

confirm the reasonableness of such recommendations and sign the acceptance of the order, or refer the evaluation report and recommendation back to those who prepared it.

5 INSTITUTIONAL ARRANGEMENTS

5.1 Organs of state who are responsible for infrastructure delivery shall establish a suitable infrastructure procurement and delivery supply chain management policy to implement this standard. Such a policy shall as a minimum:

- a) assign responsibilities for approving or accepting deliverables associated with a gate in the control framework or authorising a procurement process or procedure;
- b) establish committees which are required by law, or equivalent quality management and governance arrangements;
- c) establish delegations for the awarding of a contract or the issuing of an order; and
- d) establish ethical standards for those involved in the procurement and delivery of infrastructure.

5.2 An agency agreement shall be entered into between organs of state where responsibilities for implementation are delegated or assigned, or with a school governing body, established in terms of section 16 of the South African Schools Act, that makes a substantial financial contribution to a project. Such an agreement shall:

- a) establish principles and requirements relating to the recovery of cost associated with the rendering of the service, claims for payments made on an agency basis including the release of retention sums, the settling of claims for payment and the documentation required to accompany such claims; and
- b) include a service delivery agreement which as relevant sets out at least the following:
 - 1) overall aims, objectives and priorities;
 - 2) governance structures;
 - 3) reporting requirements;
 - 4) the scope of the services to be performed by the implementer during each financial year;
 - 5) the projects and packages which are included in the infrastructure plan and which are to be delivered, and the timeframes for doing so;
 - 6) the roles and responsibilities of the parties to the agreement, including requirements for the engagement and management of stakeholders;
 - 7) delegations to the implementer to accept end-of-stage deliverables on an agency basis;
 - 8) contributing resources, including human resources; and
 - 9) dispute resolution procedures.

5.3 The agency agreement shall be reviewed annually and amended or revised as necessary.

5.4 The implementer's supply chain management system shall be used to procure goods or services, or any combination thereof, for infrastructure covered by the agency agreement referred to in 5.2.

6 DEMAND MANAGEMENT

6.1 The demand management system shall be aimed at ensuring that goods and services, and any combination thereof required to support strategic and operational commitments, are delivered at the right price, time and place, and that the quality and quantity of such goods or services satisfy needs.

6.2 The demand for infrastructure delivery shall be managed through:

- a) the service life plans which;
 - 1) are based on:
 - an assessment of current performance against desired levels of service or functionality; and
 - a needs analysis informed by factors such as policies, norms and standards, condition assessments, functional performance, demographic trends, current and forecasted levels of optimisation; and
 - 2) reflect a cost estimate for the life cycle activities comprising acquisition, operations, maintenance, refurbishment, rehabilitation or alteration as relevant, over a minimum period of five years; and
- b) infrastructure plans which, as a minimum, summarise the service life plans and provide a credible forecast of current and net demand for services or requirements for functionality over a period of not less than ten years.

6.3 Consideration shall, where appropriate, be given to:

- a) alternative service delivery methods or means of satisfying needs which do not require infrastructure to implement or reduce the demand for infrastructure; and
- b) the disposal of infrastructure that is surplus to requirements.

6.4 Projects shall, wherever possible, be delivered in accordance with established norms and standards which are designed to yield value for money.

6.5 Identified projects shall be prioritised and budgeted for in an infrastructure plan (see 4.1.2.2).

6.6 Costs shall be proactively managed through the setting and proactive monitoring of control budgets for projects through the project planning, detailed design and site processes indicated in Figure 1.

7 ACQUISITION MANAGEMENT

7.1 Procurement of new infrastructure and the rehabilitation, refurbishment or alteration of existing infrastructure

7.1.1 Budgets submission for budget approval to advance a project or package relating to the delivery or planned maintenance of infrastructure in a financial year shall be broken down into the stages (see Figure 1) which have been completed.

7.1.2 Implementation plans relating to new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure which are aligned with the accepted delivery and procurement strategy, shall be developed for each project or package which is to be delivered in a financial year. Such a plan shall as necessary:

- a) identify the objectives of each project or programme of projects;
- b) identify the scope, budget and schedule for each project or package;
- c) outline the procurement strategy in respect of each project or package;
- d) provide a time management plan for each project, i.e. the baseline against which progress towards the attainment of milestone (key deliverables) target dates can be measured;
- e) provide the projected budget and cash flows which will enable planned and actual expenditure to be compared and revisions to the budget to be approved, and multiple project budgets to be managed;
- f) document the key success factors and the key performance indicators which need to be measured, monitored and evaluated;
- g) contain a procurement plan which indicates the timeline for advertising and closing of tenders, and the obtaining of gate approvals leading up to the award of the contract or the issuing of an order;
- h) identify the major risks and how such risks are to be mitigated or managed;
- i) indicate how quality requirements and expectations are to be met and managed;
- j) outline the controls and measures which will address health, safety, socio-economic or environmental risks;
- k) provide a communication plan which determines the lines of communication and the key activities associated therewith; and
- l) indicate the assigned internal and external resources with implementation responsibilities.

7.1.3 Financial data shall be gathered to enable a financial report to be generated at regular intervals which:

- a) lists the packages which have completed stage 7 (works) together with actual expenditure;
- b) indicates the following for packages which have advanced beyond stage 4 (concept and viability or feasibility) but have not yet completed stage 7 (works):
 - 1) budget for the financial year;
 - 2) actual expenditure to date;
 - 3) remaining budget for the year;
 - 4) forecast expenditure for the remainder of the year; and
 - 5) forecast over/under expenditure for the year;
- c) indicates professional fees associated with a project or package; and
- d) enables “actual” versus “planned” expenditure to be compared.

7.2 Procurement other than new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure

7.2.1 Annual procurement plans shall be prepared to cover the procurement of goods or services, or any combination other than that relating to new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure which exceed the threshold for quotations.

7.2.2 Annual procurement plans required in accordance with 7.2.1 shall contain the following information for all proposed tenders for a financial year where the proposed procurement is estimated to equal or exceed the threshold for quotations.

- a) a description of the goods, services or works;
- b) the estimated value of such goods, services or works, including all applicable taxes;
- c) the envisaged date of advertisement;
- d) the envisaged closing date for tenders; and
- e) the envisaged date of award.

7.3 Use of an organ of state's framework agreement by another organ of state

7.3.1 An organ of state may request in writing to make use of one or more framework contracts entered into by another organ of state. Such a request, signed by the accounting officer or accounting authority of that organ of state, shall:

- a) outline the scope and anticipated quantum of work associated with the work that is required;
- b) provide a motivation for the use of the framework agreement; and
- c) detail the benefit for the state to be derived from making use of the framework agreement.

7.3.2 The accounting officer or accounting authority may approve a request made in terms of 7.3.1 to make use of the organ of state's framework contract, conditionally or unconditionally, if:

- a) the framework agreement was put in place following a competitive tender process;
- b) confirmation is obtained that the framework contract is suitable for the intended use, and the required goods, services and works fall within the scope of such contract;
- c) the framework contractor agrees in writing to accept an order from that organ of state;
- d) the organ of state undertakes to pay the contractor in accordance with the terms and conditions of the agreement; and
- e) the term of the framework agreement does not expire before the issuing of the required orders.

8 CONTRACT MANAGEMENT

8.1 The person responsible for the administration of the contract or an order on behalf of the employer shall:

- a) act as stated in the contract that is entered into, subject to any constraints that may be imposed by the employer or the employer's supply chain management policy for infrastructure procurement and delivery management, using any standard templates that are provided for communications required in terms of the contract;
- b) provide at least the following data within two weeks of the award of a contract or an order for capture on a contract management system:
 - 1) name and contract particulars;
 - 2) the programme or project number, as relevant;
 - 3) the contractual dates associated with the contract or order;
 - 4) except in the case of very low value goods or services contracts, a cash flow forecast;
 - 5) the agreed total of prices or forecasted total of prices; and
 - 6) where applicable, whether or not provision is made for price adjustment for inflation, delay damages, performance bond and retention, and if so, what the quantum or estimated quantum of such provisions is;
- c) retain on a contract file, copies of certificates of insurances, bonds and the like;
- d) make an assessment of the amount due to the contractor where required in terms of the contract, or review the contractor's assessment of the amount due and timeously certify payment;
- e) revise the estimates for price adjustment for inflation where provided for, prepare an updated cash flow for the remainder of the contract based on the contractor's schedule, and capture these amounts together with the amounts due to the contractor and the retention amounts, if relevant, on a monthly basis;
- f) provide the revised total of the prices or completion date or delivery date for the contract, or an order, within one week of a contractor revising a forecast of the total of prices, or an event being implemented, which in terms of the contract increases the total of prices or delays delivery or completion, for capture on a contract management system;
- g) manage, if relevant, the interface between the contractor and those responsible for providing client inputs where a management, design and construct or develop and construct contracting strategy is utilised;
- h) develop and maintain a contract risk register;
- i) provide a monthly report on events which, in terms of the contract, cause the total of prices to increase or the contract completion date to be changed;
- j) report all insurance claims made within one week of the claim being lodged; and
- k) make inputs, if applicable, to the close out report in stage 9, including those relating to cost norms, contractor performance and the attainment, or not, of projective objectives.

8.2 The person responsible for administering the contract shall as necessary report on a monthly basis on the following:

- a) the attainment of key performance indicators, if any, provided for in the contract or required by the sponsor of the project or in terms of legislation;
- b) the number of improvement, contravention and prohibition notices issued by the health and safety agent; and
- c) incidents reportable in terms of the Construction Regulations issued in terms of the Occupational Health and Safety Act, briefly indicating the nature of the incident.

- 8.3** The person responsible for the administration of a contract or order relating to the provision of new infrastructure or the rehabilitation, refurbishment or alteration of existing infrastructure, shall be registered in a professional category of registration in terms of the Architectural Profession Act, the Engineering Profession Act, Landscape Architectural Profession Act, the Project and Construction Management Professions Act or Quantity Surveying Profession Act.

9 LOGISTICS MANAGEMENT

9.1 Materials, equipment and plant may be procured and issued free of charge to a contractor for incorporation into the works. Care shall be taken to ensure that suitable arrangements or measures are in place to minimise:

- a) loss or damage to such items until the contractor has received and accepted them; and
- b) delays in supply which can result in increases in the contractor's prices for providing the works.

9.2 Procurement processes associated with long lead items of plant, equipment and materials may be initiated before the conclusion of stage 4 (concept and viability or feasibility). No contract may be entered into following such processes until stage 4 has been concluded and the budgets are in place to proceed.

10 DISPOSAL MANAGEMENT

- 10.1** A disposal committee shall decide how best to undertake disposals relating to the demolition or dismantling of infrastructure or parts thereof, and the disposal of unwanted, redundant or surplus materials, plant and equipment.
- 10.2** Disposals shall be proceeded with only after the feasibility and desirability of using one or more of the following alternative disposal strategies have been considered:
- a) transfer to another organ of state, business unit or a charitable organisation at market-related value or free of charge;
 - b) recycling or re-use of component materials; or
 - c) disposal by means of dumping at an authorised dump site, burning or demolition.
- 10.3** The reasons for adopting a disposal strategy shall be recorded prior to proceeding with such disposal.

11 REPORTING OF SUPPLY CHAIN MANAGEMENT INFORMATION

11.1 The implementer shall report to the relevant treasury within one month of the award of a contract or the issuing of an order, all engineering and construction, supply, service and professional service contracts that are awarded, or orders that are issued, should the total of prices, including VAT, exceed the thresholds contained in Table 7. Such a report shall indicate the following:

- a) the title and number of the contract or order;
- b) a brief outline of the scope;
- c) the total of the prices at the time that a contract is concluded or an order issued;
- d) the time for completion or delivery; and
- e) the procurement procedure that was used to put the contract in place, or in the case of a framework agreement, whether or not competition amongst framework contractors was reopened.

Table 7: Thresholds, including VAT, for reporting the award of a contract or an order to the relevant treasury

Organ of state	Value of contract or order including VAT			
	Services contract	Professional services	Supply	Engineering and construction works
National department	R75 million	R75 million	R100 million	R100 million
Provincial department or metropolitan municipality	R50 million	R50 million	R100 million	R100 million
Municipality other than a metropolitan municipality	R25 million	R25 million	R50 million	R50 million
Major public entity	R250 million	R250 million	R500 million	R500 million
National government business enterprise Provincial government business enterprise	R125 million	R125 million	R250 million	R250 million
Other	R50 million	R50 million	R100 million	R100 million

11.2 Organs of state other than major public entities, national government business enterprises and provincial business enterprises shall report to the relevant treasury where a contract was awarded to a tenderer other than the tenderer recommended by a committee, giving reasons for such award.

11.3 The implementer shall prepare an annual report which contains the following in respect of a financial year and submit such report to the relevant treasury within two months after the financial year end:

- a) the information contained in the performance report prepared in accordance with section 12 of this standard;
- b) a brief progress report which reflects progress in terms of time and cost in relation to the time for completion or delivery and the total of prices at the award of the contract or the issuing of an order, and, if relevant, stages completed, on all contracts and orders above the threshold stated in Table 7;
- c) an outline of the scope, value and duration of all contracts which were awarded as a result of unsolicited proposals, together with a brief motivation for such award;
- d) particulars relating to:
 - 1) the cancellation or termination of contracts, together with the reasons therefore;

- 2) the use of a negotiated or confined market procurement procedure to enter into a supply, services, professional services or engineering and construction contract in excess of R10,0 million, including VAT, together with a brief motivation for doing so;
- 3) the evoking of the emergency procurement procedures where the value of the ensuing transaction exceeded R10,0 million, including VAT, together with a brief overview of the emergency and the outcomes of the procurement;
- 4) disputes arising from contracts which have been referred to arbitration or a court of law for settlement; and
- 5) contracts where the approval has been granted to increase the total of the prices or the time for completion at Procurement Gate 8D (see Figure 2 and Table 3).

12 ASSESSMENT OF SUPPLY CHAIN MANAGEMENT PERFORMANCE

An annual performance report shall be prepared for each portfolio of projects involving infrastructure delivery within two months of the financial year end which reflects performance in relation to at least the following:

- a) expenditure incurred in infrastructure delivery for the financial year, against the budget made available to cover such expenditure at the start of the year;
- b) the average variance between planned and achieved completion of stages of all packages and projects;
- c) an overview of all packages where stage 7 was completed within the financial year and the total of the prices and the time for completion at the start of the contract or when the order was issued exceed 20%, together with a brief explanation as to why such increases occurred;
- d) the average time taken to award a contract, measured from the closing date for tender submission or the final submission made in terms of a proposal or competitive negotiations procedure to a decision being taken to award the contract;
- e) the average time taken, in respect of all packages covered in the report, to complete stage 8 measured from the time that stage 7 is completed;
- f) the average difference between the total of the prices in the payment certificate that was issued following the completion of stage 7, and the total of the prices at the end of stage 9;
- g) the average time taken to award a contract above the threshold for quotations, measured from the closing date for tender submission or the final submission made in terms of a proposal or competitive negotiations procedure, to the acceptance of the tender evaluation report; and
- h) the average number of days that payment is later than that required under the terms of a contract.

13 RISK MANAGEMENT AND INTERNAL CONTROL

13.1 Risk management

13.1.1 Risk registers shall be established and maintained to enable risk mitigation relating to infrastructure procurement and delivery management to be proactively managed at a portfolio, programme, project and contract level. Such registers shall as a minimum contain:

- a) the entry date of the risk;
- b) a description of the risk, i.e. risk event, cause and possible outcome;
- c) the measures and action to mitigate risk, i.e. a description of the action, responsibility for action and timetable for implementation;
- d) action status, i.e. actioned, take no action, monitor and review or to be actioned.

13.1.2 Those responsible for establishing and maintaining risk registers shall issue risk reports when called upon to do so.

13.2 Internal control measures

13.2.1 The gates in the control frameworks provided in section 4 shall be used, as appropriate, to:

- a) authorise the proceeding with an activity within a process, or commencing with the next process;
- b) confirm conformity with requirements; or
- c) provide information which creates an opportunity for corrective action to be taken.

13.2.2 Suitable templates shall be used to record the approval or acceptance of documents at the gates provided in the control framework established in section 4.

14 INFRASTRUCTURE PROCUREMENT REQUIREMENTS

14.1 General

14.1.1 Procurement shall be undertaken in accordance with all applicable legislation and;

- a) the relevant requirements of SANS 10845-1, SANS 10845-2, SANS 10845-3 and SANS 10845-4;
- b) the administrative procedures embedded in the approved standard forms of contract identified in this standard; and
- c) the provisions of this standard.

14.1.2 All contracts that are entered into with contractors following a procurement process shall be in writing.

14.1.3 Quality may be evaluated in tender submissions as other objective criteria as provided for in the Preferential Procurement Policy Framework Act in accordance with the provisions of SANS 10845-1.

14.1.4 The preference points system contained in the Preferential Procurement Policy Framework Act shall not be applied to disposals. An assumption shall be made in the case of tenders for framework agreements that the 90:10 preference points system applies.

14.1.5 All awards above the quotation threshold in competitive selection and competitive negotiation procurement processes shall be published at least on:

- a) the organ of state's or relevant treasury's website; or
- b) if required in terms of the Construction Industry Development Board Act, on the Construction Industry Development Board's website.

14.1.6 The publication of the award of a contract shall contain at least the following information:

- a) contract numbers and title;
- b) a brief description of goods, services or works; and
- c) the names of successful tenderers and their B-BBEE status level of contribution, and where practical, the total of the prices at award, the duration of the contract and the tender points scored during the tender evaluation process.

14.2 Usage of standard procedures

14.2.1 Goods or services or a combination thereof should generally be procured from the open market. Tenders may, however, be solicited from a confined market where:

- a) it is established with reasonable certainty that:
 - 1) only a sole contractor is able to provide the goods or services or any combination thereof;
 - 2) only a very limited number of contractors are able to provide goods, services or works which are not freely available in the market, or which are provided solely for the organ of state in accordance with unique requirements;
- b) there is justification for standardising goods or making use of manufacturer-accredited service providers;

- c) a change in product or manufacturer requires modifications to related equipment and fixtures, e.g. a replacement pump requires costly changes to mountings, pipework or electrical connections or the replacement of circuit breakers requires costly changes to mounting frames, face panels, busbars, wiring and the like; or
- d) a replacement model requires the holding of additional spares or maintenance personnel.

14.2.2 The standard procurement procedures identified in Table 8 shall be implemented under the stated conditions in accordance with the provisions of SANS 10845-1. Projects shall not be subdivided to reduce the estimated tender value to fall within a threshold applicable to a specific procurement procedure.

Table 8: Conditions under which procedures provided for in SANS 10845-1 may be utilised

Procedure	Conditions which need to be satisfied in order to utilise the procedure	
Competitive selection procedure		
Nominated procedure	Any procurement, the estimated value of which does not exceed a threshold stated in Table 9.	
Open procedure	Any procurement, except where the cost of advertising or the evaluation of a large number of tender submissions is disproportionate to the value of the work.	
Qualified procedure	Any procurement where: 1) a contract requires for its execution a high degree of specialised input, or requires skills and expertise that are not readily available; 2) a contract requires for its execution exceptional management skills or quality; 3) a tender submission requires significant tenderer inputs in order to respond appropriately to requirements so that a financial offer may be determined; 4) it is desirable, in a large programme or project, to link packages of work to tenderers who have the appropriate capacity and capability to compete against one another; 5) the time and cost required to examine and evaluate a large number of tender offers would be disproportionate to the procurement; 6) for practical reasons, it is necessary to limit the number of tender submissions that are received; or 7) the goods or services are not freely available in the market, or are manufactured solely for the organ of state in accordance with that organ of state's own specifications.	
Quotation procedure	Any procurement where the estimated value does not exceed a threshold stated in Table 9.	
Proposal procedure using the two-envelope system	Services where tenderers are required to develop and price proposals to satisfy a broad scope of work.	
Proposal procedure using the two-stage system	Option 1	Any procurement in which tenderers are required to submit technical proposals and, if required, cost parameters around which a contract may be negotiated.
	Option 2	Any procurement in which tenderers are invited to submit technical proposals in the first stage and to submit tender offers based on procurement documents issued during the second stage.
Shopping procedure	Procurement which involves readily available goods and does not exceed the threshold value stated in Table 9.	

Table 8 (concluded)

Procedure	Conditions which need to be satisfied in order to utilise the procedure
Restricted competitive negotiations	<p>As for open competitive negotiations, but where:</p> <ol style="list-style-type: none"> 1) a contract requires for its execution a high degree of specialised input, or requires skills and expertise that are not readily available; 2) a contract requires for its execution exceptional management skills or quality; 3) a tender submission requires significant tenderer inputs in order to respond appropriately to requirements so that a financial offer may be determined; 4) the time and cost required to examine and evaluate a large number of tender offers would be disproportionate to the procurement; 5) for practical reasons, it is necessary to limit the number of tender submissions that are received; or 6) a target price is tendered and finalised prior to the award of the contract.
Open competitive negotiations	<p>Any procurement where:</p> <ol style="list-style-type: none"> 1) it is not feasible to formulate detailed specifications for the work or to identify the characteristics of goods or works to obtain the most satisfactory solution to procurement needs; 2) there are various possible means of satisfying procurement needs; 3) the technical character of the goods or works, or the nature of the services, warrants the use of competitive negotiations to realise the most satisfactory solution to procurement needs; 4) the purpose of the contract is research, experimentation, study or development; or 5) all the tenders received in a competitive selection procedure are non-responsive and the calling for fresh tenders is likely to result in a similar outcome.
Negotiated procedure	
	<p>Any procurement where:</p> <ol style="list-style-type: none"> 1) a rapid response is required due to the presence of, or the imminent risk of, an extreme or emergency situation arising from: <ol style="list-style-type: none"> a) human injury or death; b) human suffering or deprivation of human rights; c) serious damage to property or financial loss; d) livestock or animal injury, suffering or death; e) serious environmental damage or degradation; or f) interruption of essential services; 2) the required goods, services or works cannot technically or economically be separated from another contract previously performed by a specific contractor; 3) only one contractor has been identified as possessing the necessary experience and qualifications or product to deliver value for money in relation to a particular need; 4) the services, goods or works do not exceed a threshold value stated in Table 9; 5) the service or works being procured are largely identical to work previously executed by that contractor and it is not in the interest of the public or the organ of state to solicit other tender offers; 6) a professional service contract does not exceed a threshold value stated in Table 9 and but can be based on time and proven cost; 7) the nature of the works, goods or services, or the risks attached thereto, do not permit prior overall pricing; or 8) only one responsive tender is received.

14.2.3 Prior approval shall be obtained for the following procurement procedures, unless such a procedure is already provided for in the approved procurement strategy:

- a) the negotiated procedure above the thresholds identified in Tables 8 and 9; and
- b) the approaching of a confined market, except where a rapid response is required in the presence of, or the imminent risk of, an extreme or emergency situation arising from the conditions set out in Table 8, and which can be dealt with, or the risks relating thereto arrested, within 48 hours.

14.2.4 Only a person authorised in terms of a policy developed in accordance with the provisions of section 5 may pursue a negotiated procedure in an emergency without the prior approval permitted in terms of 14.2.3.

14.2.5 Approval for the use of a confined market shall only be valid for a period not exceeding 18 months.

Table 9: Procurement thresholds

Procedure (see Table 8 and SANS 10845-1)	Conditions which need to be satisfied in order to utilise the procedure	Threshold (Rand including VAT)		
		Schedule 2 public enterprise	Department or a schedule 3 public enterprise	Municipality or a municipal entity
Negotiated	The services, goods or works have a value not exceeding a threshold	R125 000	R75 000	R75 000
	A professional service contract has a value not exceeding a threshold	R500 000	R350 000	R200 000
Nominated procedure	Any procurement not exceeding a threshold	R2 500 000	R1 500 000	R1 500 000
Quotation procedure	Any procurement where the estimated value does not exceed a threshold	R2 000 000	R1 000 000	R200 000
Shopping procedure	Supplies contract which involves readily available goods not exceeding a threshold	R50 000	R50 000	R10 000

14.3 Framework agreements

14.3.1 Framework agreements may be entered into with contractors by:

- a) inviting tender offers to enter into a suitable contract for the required work, using stringent eligibility and evaluation criteria to ensure that contracts are entered into with only those contractors who have the capability and capacity to provide the required goods, services or works; and
- b) entering into a limited number of contracts based on the projected demand and geographic location for such goods, services or works.

14.3.2 The term of a framework agreement shall not exceed:

- a) three years in the case of all organs of state other than a major public entity, a national government business enterprise or a provincial government business enterprise; or
- b) four years in the case of a major public entity, a national government business enterprise or provincial government business enterprise.

14.3.3 Framework agreements that are entered into shall not commit an organ of state to any quantum of work beyond the first order, or bind the employer to make use of such agreements to meet its needs.

The employer may approach the market for goods or services, or a combination thereof, whenever it considers that better value in terms of time, cost and the quality which may be obtained.

14.3.4 Orders:

- a) shall cover only goods or services, or any combination thereof, falling within the scope of work associated with the agreement which may not be amended for the duration of the contract;
- b) may not be issued after the expiry of the term of the framework agreement; and
- c) may be completed even if the completion of the order is after the expiry of the term.

14.3.5 The issuing of orders with a number of framework contractors covering the same scope of work may be made with and without requiring competition amongst framework contractors. Where competition is required amongst framework contractors, it shall be conducted in a non-discriminatory manner such that competition is not distorted.

14.3.6 Competition amongst framework contractors for orders shall take place where:

- a) there is no justifiable reason for issuing an order to a particular framework contractor, such as:
 - 1) the framework contractor provided the most economical transaction when the financial parameters included in the contract are applied, and has the capacity to deliver;
 - 2) the required goods, services or works cannot technically or economically be separated from another contract or order previously performed by a specific contractor;
 - 3) the service or works being instructed are largely identical to work previously executed by that contractor;
 - 4) the value of the order is less than the threshold for the quotation procedure;
 - 5) the schedule for delivery necessitates that each of the framework contractors be issued with orders on a continuous basis; or
 - 6) capacity to execute the order;
- b) the terms in the framework agreement are insufficiently precise or complete to cover the particular requirement, e.g. delivery time scales or time estimates to complete the order (productivity); or
- c) a better quality of service can be obtained through a competitive process.

14.4 Design competitions

14.4.1 A single- or two-stage design competition may be used as a means to identify one or more suitable contractors to provide design services. The conditions for a design competition shall clearly state the purpose of the competition and the intentions of the promoter, the nature of the problem that is to be solved and all the practical requirements to be met by the competitors.

14.4.2 A design competition shall be initiated following a call for an expression of interest. All respondents who satisfy the admission requirements for a design competition and complete an application form shall be admitted to the competition as participants.

14.4.3 A jury who is independent of participants in the competition shall be appointed to collectively decide on the outcome of the competition. Such a jury shall be autonomous in its decisions or opinions and endeavour, adopt decisions on each individual submission by consensus and record its decisions in writing. Not less than 50% of the members serving on the jury shall have relevant professional qualifications in the subject matter of the competition.

- 14.4.4** The design competition shall be conducted in such a manner that the identity of any particular participant during the process is not known to the jury until after competition winners are announced. The awarding of prizes and honoraria may be linked to such competitions.
- 14.4.5** A contract may be negotiated with the winner of the design competition. Where more than one contract is awarded to participants in a design competition, all competitors in the final stage of the competition shall be invited to submit tender offers. Tender offers shall be evaluated in terms of method 4 of SANS 10845-3, with the score for quality being based solely on the ranking of the competition jury.

14.5 Procurement documentation

14.5.1 General

- 14.5.1.1** Procurement documents shall be developed in accordance with the provisions of SANS 10845-1 and SANS 10845-2 and, where aspects of the national register of contractors or register of projects established in terms of the Construction Industry Development Board Act are implemented through procurement documents, the CIDB Standard for Uniformity in Construction Procurement.
- 14.5.1.2** The Form of Offer and Acceptance contained in Annex B of SANS 10845-2 shall be used, with minimal contract-specific amendments, to form the basis of agreement arising from the solicitation of tender offers.
- 14.5.1.3** The formation of a contract in the single volume approach (see SANS 10845-2) shall occur once:
- a) the schedule of deviations has been completed to reflect each and every amendment to the tender documents:
 - 1) made in terms of addenda issued prior to the close of tenders; and
 - 2) permitted in terms of the conditions of tender, and agreed to in the process of offer and acceptance; and
 - b) the acceptance portion of the Form of Offer and Acceptance has been signed by the person authorised to do so.
- 14.5.1.4** The formation of the contract in the three-volume approach (see SANS 10845-2) shall take place after:
- a) each and every amendment to the tender documents made in terms of addenda issued prior to the close of tenders, and those permitted in terms of the conditions of tender and agreed to in the process of offer and acceptance have been incorporated into the final contract;
 - b) a brief summary of the changes made in the final contract document is included in the schedule of deviations so as to allow the reader to understand the nature and extent of the changes; and
 - c) the acceptance portion of the Form of Offer and Acceptance has been signed by the person authorised to do so.
- 14.5.1.5** A tenderer's covering letter shall not be included in the final contract document or referenced in the schedule of deviations. The agreed provisions of such a letter shall be stated in the schedule of deviations.
- 14.5.1.6** Standard returnable documents for infrastructure procurement contained in annexures A to E shall, where appropriate, form part of the Returnable Documents in procurement documents.
- 14.5.1.7** Standard documentation issued by a relevant treasury for non-infrastructure procurement shall not be included in infrastructure procurement documents unless they are found to be compatible, and

not in conflict with the provisions of a procurement document which complies with the provisions of this standard.

14.5.2 Tender, submission and auction data

14.5.2.1 The tender data shall reference the Standard Conditions of Tender contained in SANS 10845-3.

14.5.2.2 The tender offer validity period provided for in the tender data shall generally not exceed eight weeks, and in exceptional circumstances shall not exceed 12 weeks.

14.5.2.3 The tender data associated with Method 3 (financial offer and preference) shall be as follows:

5.11.4	<p>The procedure for the evaluation of responsive tenders is Method 3.</p> <p>The financial offer will be scored using the following formula:</p> $A = (1 - \frac{(P - P_m)}{P_m})$ <p>The value of W_1 is:</p> <ol style="list-style-type: none"> 1) 90 where the financial value, inclusive of VAT, of all responsive tenders received has a value in excess of R1 000 000; or 2) 80 where the financial value, inclusive of VAT, of one or more responsive tender offers has a value that equals or is less than R1 000 000. <p>Up to 100 minus W_1 tender evaluation points will be awarded to tenderers who complete the preferencing schedule and who are found to be eligible for the preference claimed.</p>
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14.5.2.4 The tender data associated with Method 4 (financial offer, quality and preferences) shall be as follows:

5.11.5	<p>The procedure for the evaluation of responsive tenders is Method 4.</p> <p>The total number of tender evaluation points (T_{EV}) shall be determined in accordance with the following formula:</p> $T_{EV} = f_1 (N_{FO} + N_P) + f_2 N_Q$ <p>where f_1 and f_2 are fractions, f_1 equals 1 minus f_2 and f_2 equals</p> <p>N_{FO} is the number of tender evaluation points awarded for the financial offer made in accordance with 5.11.7 where the score for financial offer is calculated using the following formula</p> $A = (1 - \frac{(P - P_m)}{P_m})$ <p>and W_1 equals:</p> <ol style="list-style-type: none"> 1) 90 where the financial value, inclusive of VAT, of all responsive tenders received has a value in excess of R1 000 000; or 2) 80 where the financial value, inclusive of VAT, of one or more responsive tender offers has a value that equals or is less than R1 000 000. <p>N_P is the number of tender evaluation points awarded for preferences claimed in accordance with the Preferencing Schedule.</p> <p>N_Q is the number of tender evaluation points awarded for quality offered in accordance with 5.11.9 where $W_2 = 100$.</p> <p>Up to 100 minus W_1 tender evaluation points will be awarded to tenderers who complete the preferencing schedule and who are found to be eligible for the preference claimed.</p>
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14.5.2.5 The submission data shall reference the Standard Conditions for the Calling for Expressions of Interest contained in SANS 10845-4.

14.5.2.6 Auction data shall be based on the auction data contained in SANS 10845-1.

14.5.3 Standard forms of contract

14.5.3.1 The standard forms of contract shall be selected from, and be suitable for use under the conditions described in Table 10.

14.5.3.2 The standard forms of contract shall be used with minimal contract amendments which do not change their intended usage and shall only be amended when absolutely necessary to accommodate special needs.

14.5.3.3 Adjudication shall be used to resolve disputes arising during the performance of a contract prior to proceeding to either arbitration or litigation.

Table 10: Approved forms of contract related to the delivery and maintenance of infrastructure

Form of contract	Code	Intended usage
Construction Industry Development Board (CIDB)		
CIDB Standard Professional Service Contract	SPSC	Professional services
CIDB General Conditions of Purchase	-	An order form type of contract for low-value goods without any incidental work or services on or before a specified date being required.
CIDB Contract for the Supply and Delivery of Goods	-	Simple, regional purchase of readily available materials or commodities which require almost no management of the buying and delivery process, minimal testing, installation and commissioning on delivery.
CIDB General Conditions of Service	-	An order form type of contract where low-value services on or before a specified date are required.
International Federation of Consulting Engineers (FIDIC)		
FIDIC Short Form of Contract	Green Book	Building or engineering works of relatively small capital value, or for relatively simple or repetitive work, or for work of short duration. Use for design by employer- or contractor-designed works.
FIDIC Conditions of Contract for Construction for Building and Engineering Works designed by the Employer	Red Book	Building or engineering works designed by the employer. (The works may include some elements of contractor-designed works.)
FIDIC Conditions of Contract for plant and design-build for electrical and mechanical plant, and for building and engineering works, designed by the contractor	Yellow Book	The provision of electrical or mechanical plant and the design and construction of building or engineering works.
FIDIC Conditions of Contract for EPC Turnkey Projects	Silver Book	The provision on a design and construct (turnkey) basis of a process or power plant, of a factory or similar facility, or an infrastructure project or other type of development.
FIDIC Conditions of Contract for Design, Build and Operate Projects	Gold Book	“Green field” building or engineering works which are delivered in terms of a traditional design, build and operate sequence with a 20-year operation period. (The contractor has no responsibility for the financing of the project/package or its ultimate commercial success.)
South African Institution of Civil Engineering (SAICE)		
SAICE General Conditions of Contract for Construction Works	GCC	Engineering and construction, including any level of design responsibility.

Table 10 (concluded)

Joint Building Contracts Committee (JBCC)		
JBCC Principal Building Agreement	PBA	Buildings and related site works designed by the employer.
JBCC Minor Works Agreement	MWA	Buildings and related site works of simple content designed by the employer.
Institution of Civil Engineers (ICE)		
NEC3 Engineering and Construction Contract	ECC	Engineering and construction including any level of design responsibility.
NEC3 Engineering and Construction Short Contract	ECSC	Engineering and construction which do not require sophisticated management techniques, comprise straightforward work and impose only low risks on both the employer and contractor.
NEC3 Professional Services Contract	PSC	Professional services, such as engineering, design or consultancy advice.
NEC3 Professional Services Short Contract	PSCC	Professional services which do not require sophisticated management techniques, comprise straightforward work and impose only low risks on both the client and consultant.
NEC3 Term Service Contract	TSC	Manage and provide a service over a period of time.
NEC3 Term Service Short Contract	TSSC	Manage and provide a service over a period of time, or provide a service which does not require sophisticated management techniques, comprises straightforward work and imposes only low risks on both the employer and contractor.
NEC3 Supply Contract	SC	Local and international procurement of high-value goods and related services, including design.
NEC3 Supply Short Contract	SSC	Local and international procurement of goods under a single order or on a batch order basis and is suitable for use with contracts which do not require sophisticated management techniques, and impose only low risks on both the purchaser and the supplier.

14.5.4 Tender assessment schedules

Tender assessment schedules shall be used to take account of all tendered financial parameters that have an impact upon the final value of the contract.

14.5.5 Guarantees

14.5.5.1 Bonds which guarantee performance with a stated financial benefit in the event of non-performance:

- a) should as a general rule not be required in service, professional service and supply contracts; and
- b) shall be between 5% and 12,5% of the contract or package order value, excluding VAT, and may be either a fixed or variable guarantee.

14.5.5.2 Advance payment, where required in engineering and construction and supply contracts and approved by the organ of state's chief financial officer, may only be made to contractors against the lodging of a suitable advance payment bond.

14.5.6 Retention monies

Retention monies that are held shall not exceed 10% of any amount due to a contractor. The total amount of retention monies held shall not exceed 5% of the contract or package order price.

14.5.7 Communications

All procurement documents and communications shall be in English.

14.5.8 Intellectual property rights

Organs of state shall as a general rule own the rights over the materials specifically prepared by a contractor in relation to a contract.

14.5.9 Budgetary items

14.5.9.1 Provision for budgetary items in procurement documents shall as far as possible be avoided. Assumptions should rather be stated in the pricing data so that they can be priced and adjusted in terms of the contract, should these assumptions be incorrect. Where unavoidable, estimates of the likely costs may be included in the contract to cover identified work or services to be performed by a subcontractor appointed in terms of the contract.

14.5.9.2 No provision for contingencies or price adjustment for inflation shall be made in the pricing data or included in the contract price at the time that the contract is awarded or an order is issued.

14.5.10 Professional indemnity insurance

Professional service appointments shall as a general rule be subject to proof of current professional indemnity insurance being submitted by the contractor in an amount of not less than R3 million in respect of each claim, without limit to the number of claims.

14.6 Developmental procurement policy

14.6.1 General

14.6.1.1 Organs of state shall utilise procurement to promote Broad-Based Black Economic Empowerment in accordance with the provisions of the Broad-Based Black Economic Empowerment Act and, where appropriate, to promote:

- a) work opportunities for target groups; and
- b) national development goals, such as those identified by the Presidential Infrastructure Coordinating Commission.

14.6.1.2 Not less than 50% of the points allocated to preference in a points scoring system in the evaluation of tenders shall be allocated to Broad-Based Black Economic Empowerment goals.

14.6.1.3 Minimum local content shall be included in contracts in accordance with the Preferential Procurement Regulations issued in terms of the Preferential Procurement Policy Framework Act. Requirements shall be evaluated in tenders through declarations made by tenderers and shall be included in the scope of work associated with the contract.

14.6.2 Permitted targeted procurement procedures

The targeted procurement procedures that may be used to promote social and economic objectives shall include one or more of the following:

- a) the granting of preferences;
- b) accelerated rotations on electronic databases, where appropriate;
- c) the granting of up to 10% of the total number of evaluation points used to short-list tenderers following a call for expressions of interest;
- d) financial incentives for the attainment of key performance indicators in the performance of the contract; and
- e) the creation of contractual obligations to engage target groups in the performance of the contract by establishing requirements for the tendering of subcontracts in terms of a specified procedure, or establishing obligations to attain contract participation goals in accordance with the relevant provisions of SANS 10845.

Annexure A: Record of Addenda to tender documents

We confirm that the following communications received from the Employer before the submission of this tender offer, amending the tender documents, have been taken into account in this tender offer:		
	Date	Title or Details
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Attach additional pages if more space is required.

Signed _____

Date _____

Name _____

Position _____

Tenderer _____

Annexure B: Proposed amendments and qualifications

The Tenderer should record any deviations or qualifications he may wish to make to the tender documents in this Returnable Schedule. Alternatively, a tenderer may state such deviations and qualifications in a covering letter to his tender and reference such letter in this schedule.

The Tenderer's attention is drawn to clause 5.8 of SANS 10845-3 regarding the employer's handling of material deviations and qualifications.

Page	Clause or item	Proposal

Signed

Date

Name

Position

Tenderer

Annexure C: Preferencing schedule: Broad-Based Black Economic Empowerment status

Preamble

Section 10(b) of the Broad-Based Black Economic Empowerment Act of 2003 (Act No. 53 of 2003) states that “*Every organ of state and public entity must take into account and, as far as is reasonably possible, apply any **relevant code of good practice** issued in terms of this Act in developing and implementing a preferential procurement policy.*”

A number of codes of good practice have been issued in terms of Section 9(1) of the B-BBEE Act of 2003, including a generic code of good practice and various sector codes. The sector codes vary the metrics, weightings and targets used in the generic code of good practice to establish the overall performance of an entity and its B-BBEE status. The B-BBEE status needs to be assessed in accordance with the applicable code.

1 Conditions associated with the granting of preferences

Tenderers who claim a preference shall provide sufficient evidence of their B-BBEE status in accordance with the requirements of section 2 in respect of the applicable code as at the closing time for submissions, failing which their claims for preferences will be rejected.

2 Sufficient evidence of qualification

2.1 Exempted micro-enterprises

Sufficient evidence of qualification as an Exempted Micro-Enterprise is:

- a) a registered auditor's certificate or similar certificate issued by an accounting officer as contemplated in the Close Corporations Act of 1984 in respect of the entity's last financial year, or a 12-month period which overlaps with its current financial year; or
- b) a certificate issued by a verification agency and which is valid as at the closing date for submissions.

2.2 Enterprises other than micro-exempted enterprises

Sufficient evidence of B-BBEE status is an original or certified copy of the certificate issued by a verification agency accredited by the South African National Accreditation System (SANAS) or registered auditors approved by the Independent Regulatory Board for Auditors (IRBA) and which is valid as at the closing date for submissions.

3 Tender preferences claimed

The scoring shall be as follows:

B-BBEE status determined in accordance with the preferencing schedule for Broad-Based Black Economic Empowerment	% Maximum points for preference
Form not completed or no-complaint contributor	0
Level 8 contributor	10
Level 7 contributor	20
Level 6 contributor	30
Level 5 contributor	40
Level 4 contributor	50
Level 3 contributor	80
Level 2 contributor	90
Level 1 contributor	100

4 Declaration

The tenderer declares that

a) the tendering entity is a level contributor as stated in the submitted evidence of qualification as at the closing date for submissions

b) the tendering entity has been measured in terms of the following code (tick applicable box):

☐ Generic code of good practice

☐ Other – specify

.....

.....

c) the contents of the declarations made in terms of a) and b) above are within my personal knowledge and are to the best of my belief both true and correct

The undersigned, who warrants that he/she is duly authorised to do so on behalf of the tenderer, confirms that he/she understands the conditions under which such preferences are granted and confirms that the tenderer satisfies the conditions pertaining to the granting of tender preferences.

Signature:

Name:

Duly authorised to sign on behalf of:

Telephone:

Fax: Date:

Name of witness: Signature of witness:

Note: 1) Failure to complete the declaration will lead to the rejection of a claim for a preference.

2) Supporting documentation of the above-mentioned claim for a preference must be submitted with the tender submission to be eligible for a preference.

Annexure D: Compulsory Declaration

The following particulars must be furnished. In the case of a joint venture, separate declarations in respect of each partner must be completed and submitted.

Section 1: Enterprise details

Name of enterprise	
Contact person	
Email	
Telephone	
Cell	
Fax	
Physical address	
Postal address	

Section 2: Particulars of companies and close corporations

Company / Close Corporation registration number	
--	--

Section 3: SARS information

Tax reference number	
VAT registration number	(state <i>Not Registered</i> if not registered for VAT)

Section 4: CIDB registration number

CIDB Registration number (if applicable)	
---	--

Section 5: Particulars of principals

principal: means a natural person who is a partner in a partnership, a sole proprietor, a director of a company established in terms of the Companies Act of 2008 (Act No. 71 of 2008) or a member of a close corporation registered in terms of the Close Corporations Act, 1984, (Act No. 69 of 1984).

Full name of principal	Identity number	Personal tax reference number

Attach separate page if necessary

Section 6: Record in the service of the state

Indicate, by marking the relevant boxes with a cross, if any principal is currently or has been within the last 12 months in the service of any of the following:

- | | |
|---|--|
| <input type="checkbox"/> a member of any municipal council | <input type="checkbox"/> an employee of any department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act of 1999 (Act No. 1 of 1999) |
| <input type="checkbox"/> a member of any provincial legislature | |
| <input type="checkbox"/> a member of the National Assembly or the National Council of Provinces | <input type="checkbox"/> a member of an accounting authority of any national or provincial public entity |
| <input type="checkbox"/> a member of the board of directors of any municipal entity | <input type="checkbox"/> an employee of Parliament or a provincial legislature |
| <input type="checkbox"/> an official of any municipality or municipal entity | |

If any of the above boxes are marked, disclose the following:

Name of principal	Name of institution, public office, board or organ of state and position held	Status of service (tick appropriate column)	
		Current	Within last 12 months

Insert separate page if necessary

Section 7: Record of family member in the service of the state

family member: a person's spouse, whether in a marriage or in a customary union according to indigenous law, domestic partner in a civil union, or child, parent, brother, sister, whether such a relationship results from birth, marriage or adoption

Indicate, by marking the relevant boxes with a cross, if any family member of a principal as defined in section 5 is currently or has within the last 12 months been in the service of any of the following:

- | | |
|---|---|
| <input type="checkbox"/> a member of any municipal council | <input type="checkbox"/> an employee of any provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act of 1999 (Act No. 1 of 1999) |
| <input type="checkbox"/> a member of any provincial legislature | |
| <input type="checkbox"/> a member of the National Assembly or the National Council of Provinces | <input type="checkbox"/> a member of an accounting authority of any national or provincial public entity |
| <input type="checkbox"/> a member of the board of directors of any municipal entity | <input type="checkbox"/> an employee of Parliament or a provincial legislature |
| <input type="checkbox"/> an official of any municipality or municipal entity | |

Name of family member	Name of institution, public office, board or organ of state and position held	Status of service (tick appropriate column)	
		Current	Within last 12 months

Insert separate page if necessary

Section 8: Record of termination of previous contracts with an organ of state

Was any contract between the tendering entity, including any of its joint venture partners, terminated during the past five years for reasons other than the employer no longer requiring such works or the employer failing to make payment in terms of the contract?

☐ Yes ☐ No (tick appropriate box)

If yes, provide particulars (insert separate page if necessary)

Section 9: Declaration

The undersigned, who warrants that he/she is duly authorised to do so on behalf of the tendering entity, confirms that the contents of this Declaration are within my personal knowledge, save where stated otherwise in an attachment hereto, and to the best of my belief is both true and correct, and that:

- i) neither the name of the tendering entity, nor any of its principals, appears on:
 - a) the Register of Tender Defaulters established in terms of the Prevention and Combating of Corrupt Activities Act of 2004 (Act No. 12 of 2004); or
 - b) National Treasury's Database of Restricted Suppliers (see www.treasury.gov.za);
- ii) the tendering entity or any of its principals has not been convicted of fraud or corruption by a court of law (including a court outside of the Republic of South Africa) within the last five years;
- iii) any principal who is presently employed by the state has the necessary permission to undertake remunerative work outside such employment (attach permission to this declaration);
- iv) the tendering entity is not associated, linked or involved with any other tendering entities submitting tender offers;
- v) the tendering entity has not engaged in any prohibited restrictive horizontal practices, including consultation, communication, agreement, or arrangement with any competing or potential tendering entity regarding prices, geographical areas in which goods and services will be rendered, approaches to determining prices or pricing parameters, intentions to submit a tender or not, the content of the submission (specification, timing, conditions of contract, etc.) or intention to not win a tender;
- vi) the tendering entity has no other relationship with any of the tenderers or those responsible for compiling the scope of work that could cause or be interpreted as a conflict of interest;
- vii) neither the tenderer nor any of its principals owes municipal rates and taxes or municipal service charges to any municipality or a municipal entity, and are not in arrears for more than three months;
- viii) SARS may, on an on-going basis during the term of the contract, disclose the tenderer's tax compliance status to the Employer and, when called upon to do so, obtain the written consent of any subcontractors who are subcontracted to execute a portion of the contract that is entered into in excess of the threshold prescribed by National Treasury, for SARS to do likewise.

Signed

Date

Name

Position

Enterprise name

NOTE 1: The Standard Conditions of Tender contained in SANS 10845-3 prohibits anticompetitive practices (clause 3.1) and requires that tenderers avoid conflicts of interest, only submit a tender offer if the tenderer or any of his principals is not under any restriction to do business with the Employer (4.1.1) and submit only one tender either as a single tendering entity or as a member in a joint venture (clause 4.13.1). Clause 5.7 also empowers the Employer to disqualify any tenderer who engages in fraudulent and corrupt practice. Clause 3.1 also requires tenderers to comply with all legal obligations.

NOTE 2: Section 30(1) of the Public Service Act, 1994, prohibits an employee (person who is employed in posts on the establishment of departments) from performing or engaging remunerative work outside his or her employment in the relevant department, except with the written permission of the executive authority of the department. When in operation, Section 8(2) of the Public Administration Management Act, 2014, will prohibit an employee of the public administration (i.e. municipalities and all national departments, national government components listed in Part A of Schedule 3 to the Public Service Act, provincial departments including the office of the premier listed in Schedule 1 of the Public Service Act and provincial departments listed in schedule 2 of the Public Service Act, and provincial government components listed in Part B of schedule 3 of the Public Service Act) or persons contracted to executive authorities in accordance with the provisions of section 12A of the Public Service Act of 1994 or persons performing similar functions in municipalities, from conducting business with the State or to be a director of a

public or private company conducting business with the State. The offence for doing so is a fine or imprisonment for a period not exceeding five years, or both. It is also a serious misconduct which may result in the termination of employment by the employer.

NOTE 3: Regulation 44 of Supply Chain Management regulations issued in terms of the Municipal Finance Management Act of 2003 requires that municipalities and municipal entities should not award a contract to a person who is in the service of the State, a director, manager or principal shareholder in the service of the State or who has been in the service of the State in the previous twelve months.

NOTE 4: Regulation 45 of Supply Chain Management regulations requires a municipality or municipal entity to disclose in the notes to the annual statements particulars of any award made to a close family member in the service of the State.

NOTE 5: Corrupt activities which give rise to an offence in terms of the Prevention and Combating of Corrupt Activities Act of 2004, include improperly influencing in any way the procurement of any contract, the fixing of the price, consideration or other moneys stipulated or otherwise provided for in any contract, and the manipulating by any means of the award of a tender.

NOTE 6: Section 4 of the Competition Act of 1998 prohibits restrictive horizontal practice, including agreements between parties in a horizontal relationship, which have the effect of substantially preventing or lessening competition, directly or indirectly fixing prices or dividing markets or constituting collusive tendering. Section 5 also prohibits restrictive vertical practices. Any restrictive practices that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties.

Annexure E: Municipal declaration and returnable documents

The following particulars must be furnished in relation to tenders for municipalities and municipal entities:

- a) where consultancy services are required; and
- b) goods, services or a combination thereof, where the estimated total of the prices exceeds R10 million, including VAT.

In the case of a joint venture, separate municipal declarations and returnable documents shall be submitted in respect of each partner.

Section 1: Enterprise details

Name of enterprise	
Contact person	
Email	
Telephone	
Cell	
Fax	
Physical address	
Postal address	

Section 2: Declaration for consultancy services

The enterprise has been awarded the following consultancy services by an organ of state during the last five years:

Name of organ of state	Estimated number of contracts	Nature of service, e.g. quantity surveying	Service similar to required service (yes/no)?

Attach separate page as necessary

Section 3: Goods, services, or a combination thereof, where the estimated total of the prices exceeds R10 million, including VAT

I/we certify that

1) (tick one of the boxes):

- ☐ the enterprise **is not** required by law to prepare annual financial statements for auditing
- ☐ the enterprise **is** required by law to have audited annual financial statements (attached herewith for the past three financial years or the years for which the enterprise has been in operation)

2) the enterprise and its directors have no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days (i.e. all municipal accounts are paid up to date);

3) source of goods and/or services :

(tick one of the boxes and insert percentages if applicable)

☐ goods and/or services are sourced only from within the Republic of South Africa

☐ % of the total cost of goods and/or services will be sourced from outside the Republic of South Africa, and the percentage of payment from the municipality or municipal entity which is expected to be transferred out of the Republic is %

I furthermore confirm that the following contracts were awarded to the enterprise by an organ of state during the last five years and attached particulars of any material non-compliance or dispute concerning the execution of such contracts:

Name of organ of state	Estimated number of contracts	Nature of contracts

Attach separate page as necessary

I, the undersigned who warrants that I am duly authorised on behalf of the tendering entity, hereby declare that the contents of this Declaration are within my personal knowledge, and save where stated otherwise, are to the best of my belief both true and correct.

Signed _____

Date _____

Name _____

Position

Tenderer _____



Municipal Budget Circular for the 2016/17 MTREF

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Introduction

The budget circular is compiled annually to guide municipalities on how to prepare their budget inputs. This circular focuses on the preparation of the 2016/17 Medium Term Revenue and Expenditure Framework (MTREF), reference should also be made to the previous circulars. This guidance includes national policy imperatives that should be accommodated and other relevant information. The circular provides a summary of South Africa's economic outlook, inflationary targets, financial management issues and specific reference on how to give effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR). The key focus of this circular is the 2016 Local Government Elections, the demarcation process and the changes to the local government grant allocations.

1. 2016 Local Government Elections and the budget process

Local government elections are likely to be scheduled between May and August 2016; the proposed date is yet to be determined. Elections are important events – when we reaffirm our commitment to democratic and accountable government by choosing representatives of the people who will guide the work of local government for the next five years.

The following four risks need to be explicitly managed:

1. In terms of section 13 of the Municipal Property Rates Act, 2004 (Act No 6 of 2004)(MPRA) and sections 24 and 42 of the Municipal Finance Management Act, 2003 (Act No 56 of 2003)(MFMA), new tariffs for property rates, electricity, water and any other taxes and similar tariffs may only be implemented from the start of the municipal financial year (1 July). This means that the municipal council must approve the relevant tariffs before the commencement of 1 July; and, should this not happen, the municipality will not be able to increase its taxes and tariffs. Failure to obtain Council approval for the annual tariff increases would most likely cause an immediate financial crisis that may lead to the provincial executive intervening in the municipality in terms of section 139 of the Constitution;
2. In terms of section 16 of the MFMA, a municipal council must approve the annual budget for the municipality before the start of the financial year, and should a municipal council fail to do so, section 26 of the MFMA prescribes that the provincial executive **must** intervene. This provincial intervention may include dissolving the municipal council and appointing an administrator to run the municipality;
3. The outgoing council may be tempted to prepare an 'election friendly budget' – with unrealistically low tariff increases and an over-ambitious capital expenditure programme. The outcome of this approach will undoubtedly be unfunded municipal budgets that threaten their respective municipalities' financial sustainability and service delivery; and
4. Given that the timing of election campaigning coincides with the municipal public budget consultations; and there is a risk that these consultations may be neglected or used to serve the narrow interests of political parties.

In the build-up to the 2016 local government elections, municipalities are encouraged to act towards ensuring financial sustainability. Now, more than ever before, it is paramount for sound municipal decision-making so that long-term sustainability of municipal finances and service delivery is achieved beyond the election period.

Municipal finances are presently volatile and there is severe pressure to maintain healthy cash flows and maintain effective cost containment measures. It is therefore imperative that municipalities refrain from suspending credit control and debt collection efforts in a bid to win votes.

Furthermore, as the current composition and leadership of municipal councils will, for the most part, be responsible for the compilation of the 2016/17 medium-term revenue and expenditure (MTREF) budgets, councils are advised to prioritise expenditure appropriations aligned to the policy intent as described in the integrated development plans (IDPs). Infrastructure provisioning for water, sanitation, roads and electricity remain key priorities.

In addition the outgoing council is advised to critically consider the financial implications before entering into new long-term contracts that are not of priority to the municipality and avoid if possible, committing the incoming council. In addition, refrain from purchasing cars and from incurring expenditure at this stage that will financially burden the incoming council.

During this time of transition, all stakeholders should work together to ensure that municipalities continue to perform their functions efficiently and effectively. The Mayor and municipal manager should now be engaging in the process of the annual review of the fifth and last year of the IDP in terms of section 34 of the Municipal Systems Act (MSA) and the 2016/17 budget preparation process in terms of section 21 of the MFMA. It is particularly important to ensure that arrangements for the review of IDPs and preparation of budgets continue seamlessly as these processes cannot be delayed in anticipation of the announcement of an election date.

The uncertainty of the date of Election Day means that the newly elected councils may not be duly constituted by 31 May 2016 and therefore they will be unable to consider the annual budget before the start of the new municipal financial year. If the election date falls within the latter part of May 2016 and if there is any delay in declaring the election results or if the results are legally contested then it is unlikely that the new councils will be able to consider and pass the annual budget before the start of the new municipal financial year. In fact, in the case of district municipalities, there is a high probability that they will not be constituted in time to consider the annual budgets since they depend on the finalisation of the local municipality election results relevant to their respective districts. The same will apply if the election is held in June, July or August. It is for this reason that it is recommended that the outgoing council should adopt the 2016/17 MTREF budget before the start of the new financial year.

In deciding on the schedule for the 2016/17 budget process, the Mayor and municipal manager must also note that the MFMA read together with the Municipal Budget and Reporting Regulations only allows for a 'main adjustments budget' to be tabled after the mid-year budget and performance assessment has been tabled in council, i.e. after 1 January 2017. In addition, the permitted scope of an adjustments budget is quite limited in that taxes and tariffs may not be increased or decreased (refer to section 28(6) of the MFMA), and any additional revenues may only be appropriated to programmes and projects already budgeted for (refer to section 28 of the MFMA). Therefore the idea of the current council passing a 'holding budget' which the new council will change substantially through an adjustments budget soon after the start of the municipal financial year is not legally permitted.

Though an IDP is a five year strategic document of council, municipalities should note that when a new council takes office after each local government election, the norm has been that the first year of such a new council is primarily confined to implementing the last adopted IDP. Subsequent to this, it is normally in the second year of the new council where the newly

elected council will adopt its new and thoroughly interrogated and consulted IDP. This process mostly leads to an overlap of the last year of outgoing council into the new council.

It is each municipal council's prerogative to decide when to approve its annual budget. However, to assist municipalities, National Treasury proposes that councils consider adopting the following approach for their 2016/17 budget process:

Outgoing council approves 2016/17 budget	
1.	Current Mayor prepares a budget schedule that brings the review of the IDP and the tabling of the budget forward to late February or the beginning of March 2016;
2.	Community consultations on the annual budget conducted in the remainder of March and early April 2016;
3.	Officials complete technical work on annual budget by mid-April 2016;
4.	Current council approves annual budget and reviewed IDP before the end of April 2016; and
5.	Council implements annual budget from 1 July 2016.
Benefits	
	<ul style="list-style-type: none"> Minimises the risk of being without an approved budget at the start of the financial year; Ensures continuity of operations; and Safeguards the financial sustainability of the municipality by ensuring tariff increases are locked in before the start of the financial year.
Risks	
	<ul style="list-style-type: none"> New council may not concur with the priorities set out in the annual budget approved by the outgoing council, and therefore they may be reluctant to be held accountable for the implementation thereof.
Mitigating factors	
	<ul style="list-style-type: none"> New council should note the overlapping year of the last year of the IDP into the first year of new council; and Note that MFMA section 28(6) does not allow for tariff increases during the financial year of implementation of the adopted budget.

2. Financial Implications of the demarcation process

According to section 21 of the Municipal Demarcation Act, 1998 (Act No 27 of 1998), the Municipal Demarcation Board (MDB) must determine municipal boundaries and may re-determine any municipal boundaries. In June 2011, the MDB began an intensive three year consultative process of reviewing municipal boundaries. This process was concluded in 2013, and resulted in 17 local municipalities being affected by major boundary redeterminations. As a result of these changes the total number of municipalities is reduced by 8 municipalities.

Following the 2013 cycle of municipal boundary redeterminations, the Minister of Cooperative Governance and Traditional Affairs (CoGTA) submitted additional proposals requesting the MDB to consider the re-configuration of boundaries of certain municipalities. These proposals were submitted to the MBD in January, February and April 2015 in terms of section 22(2) of the Act, which gives the Minister of CoGTA the right to request the MDB to consider specific boundary changes. The process of considering these applications was finalised in 2015, resulting in 32 local municipalities being affected. As a result of these changes the total number of municipalities is reduced by a further 13 municipalities.

In total there will be a net reduction of 21 municipalities resulting in a total number of 257 municipalities in the country. A list of affected municipalities is attached as Annexure B.

Implications for municipalities that are merging (if the election is held before 1 July 2015):

- The demarcation changes are only effective from the date of the local government elections, therefore each existing municipality must compile an individual budget for the 2016/17 MTREF;
- The individual budgets will be consolidated for the newly demarcated municipality after the local government elections, regardless of the new allocations that will be published in the 2016 Division of Revenue Bill;
- In order to ensure seamless consolidation of budgets after the elections, the merging municipalities are urged to start working as a team on the planning and technical processes; and
- During the period between the date of the election and the start of the new municipal financial year on 1 July 2016 the current arrangements for the payment of staff and creditors are required to be maintained.

In addition, municipalities should be aware of the role of the Change Management Committee (CMC) of overseeing joint planning between the municipalities in preparation for the consolidated budget after the local government elections.

National Treasury will provide further information on the implications of the mergers if the elections are after the start of the 2016/17 municipal financial year. This will be done in the second budget circular to be issued in March 2016. In this scenario the currently existing municipalities would continue to exist for the beginning of the 2016/17 financial year before the mergers come into effect on the date of the election. Existing councils will have to adopt budgets and municipalities will be eligible to receive a pro-rata portion of their equitable share and some grant allocations for the period prior to the new municipal boundaries coming into effect.

2.1 Support provided to municipalities

To support the newly amalgamated municipalities to undertake a smooth transition, the Municipal Demarcation Transition Grant (MDTG) was established with a time span of three years (2015/16 to 2017/18). The purpose of the grant is to subsidise the additional institutional and administrative costs arising from major boundary changes due to come into effect after the 2016 local government elections. The grant only subsidises additional administrative costs related to the mergers (such as merging and changing administrative systems and costs related to transferring staff). It does not provide for any infrastructure funding.

All affected municipalities are also being supported by provincial departments of cooperative governance. A Change Management Committee has been established for each re-demarcation, with representation from all of the affected municipalities and their respective district municipalities and the provinces. The Department of Cooperative Governance has also established a national Municipal Demarcation Transitional Committee with the aim of coordinating the various transitional measures that need to be put in place for the affected municipalities.

The 2016 DORA will set out the funding that will be provided to the affected municipalities, and these municipalities, CMCs and affected provinces must ensure that they adhere to the conditions attached to the MDTG. In particular, business plans must be timeously submitted to the Department of Cooperative Governance so as to ensure that transfers are done in accordance with the payment schedules.

2.2 Impact of demarcation changes on financial transfers to municipalities

Implications for Local Government Equitable Share (LGES) allocations

The LGES is allocated through a formula that takes account of several factors including the number of poor households and households in a municipality, their incomes and the ability of the municipality to raise its own revenue. In calculating municipalities' equitable share allocations for 2016/17 all of these indicators will be updated in line with the new municipal boundaries. The resultant changes in the affected municipalities' equitable share allocations will be implemented by National Treasury and details of the new allocations will be published in the 2016 Division of Revenue Bill.

Implications for Municipal Infrastructure Grant (MIG) allocations

The MIG is allocated through a formula in a similar manner to the LGES (the MIG formula is based on infrastructure backlogs). The MIG formula will also be updated with data reflecting the changed municipal boundaries. The resultant changes in the affected municipalities' MIG allocations will be implemented by National Treasury and details of the new allocations will be published in the 2016 Division of Revenue Bill.

Implications for other conditional grant allocations

Allocations of other conditional grants are made to municipalities by the responsible national departments, often on a project basis. Allocations for conditional grants are only made for one year and the amounts published for the outer years in the schedules of the Division of Revenue Act are published for indicative purposes only and are not guaranteed. Departments will make their allocations for the 2016/17 financial year based on the new boundaries of municipalities. For municipalities that have been merged this means that previous indicative allocations are likely to be made to the new municipality that incorporates the municipal area where a project was planned and indicative amounts were published, however there is no guarantee of this.

Preparations for each major boundary re-determination are being overseen by a Change Management Committee (CMC). These CMCs are expected to play a coordinating role and exercise oversight over the preparation of a joint budget as well as any business plans required for conditional grants. The business plans can then be approved by the new council as soon as it has been constituted.

Transfers to municipalities will be gazetted in terms of the new municipal boundaries for the 2016/17 financial year.

2.3 Implications for assets and liabilities of municipalities

The changes to municipal boundaries are published by the MECs for local government in provincial gazettes in terms of section 12 of the Municipal Structures Act, 1998 (Act No 117 of 1998)(LGMSA). Section 14 of this Act regulates the effects that changes to municipal boundaries will have on existing municipalities. It also stipulates that the section 12 notice issued by the MEC for local government must provide for:

- The disestablishment of a municipality (or part of a municipality);
- The vacation of office by councilors of the existing municipality;
- The transfer of staff from the existing municipality to the superseding municipality (this must be done in accordance with labour legislation);
- The transfer of assets, liabilities and administrative and other records from the existing municipality to the superseding municipality (creditors of the existing municipality must be paid by the new municipality); and
- The extent to which existing by-laws will still apply.

The 2016/17 municipal budget preparation must make provision for any changes contained in these section 12 notices. The outgoing Council will as a result still be responsible for the preparation and conclusion of the Annual Financial Statements and the audit process.

3. The South African economy and inflation targets

The 2015 Medium Term Budget Policy Statement notes that the global economic outlook has been weaker than anticipated. Growth in developing economies has moderated in response to lower commodity prices, subdued domestic demand and reduced capital inflows. Growth in some developed economies has offset this slowdown. The South African economy is expected to grow by 1.5 per cent in 2015, 1.7 per cent in 2016 and 2.6 per cent in 2017. Domestic inflation is lower, largely as a result of declining oil prices. However, the depreciation of the Rand and the current drought gripping many parts of the country, however, pose some risk to the inflation outlook. Furthermore the electricity supply shortages pose the largest domestic risk to growth.

Persistent high unemployment remains one of South Africa's most pressing challenges. Difficult trading conditions and low business confidence levels have limited hiring during 2015. The formal sector lost 76 000 jobs, with sharp declines in manufacturing and construction, as well as community, social and personal services.

These economic challenges will continue to pressurise municipal revenue generation and collection hence a conservative approach is advised for projecting revenue. These circumstances make it essential for municipalities to reprioritise expenditure and implement stringent cost-containment measures.

Municipalities must take the following macro-economic forecasts into consideration when preparing their 2016/17 budgets and MTREF.

Table 1: Macroeconomic performance and projections, 2014 - 2018

Fiscal year	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Estimate	Forecast		
CPI Inflation	5.6%	5.5%	6.0%	5.8%	5.8%

Source: Medium Term Budget Policy Statement 2015

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

4. Key focus areas for the 2016/17 budget process

4.1 Local government conditional grants and additional allocations

The purpose of the conditional grants is to deliver on national government priorities relating to service delivery. Additional funding is allocated in the form of unconditional allocations such as the equitable share and the sharing of the general fuel levy. The main purpose of the equitable share is to fund the provision of free basic services to the poor.

The 2015 Medium Term Budget Policy Statement indicates that over the 2016 MTEF period, transfers to local government total R350.6 billion, with 59.5 per cent transferred as unconditional allocations and the rest as conditional grants. The division of available funds to local government have increased to R106.9 billion or 9.2 per cent of the national revenue for 2016/17. These funds are expected to increase to R128.4 billion by 2018/19.

Municipalities are advised to use the indicative numbers as set out in the 2015 Division of Revenue Act to compile their 2016/17 MTREF. In terms of the outer year (2018/19 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as proposed in the 2015 Division of Revenue Act for 2017/18. The DoRA is available at <http://www.treasury.gov.za/legislation/acts/2015/Default.aspx>

It is imperative that municipalities reflect the conditional grant allocations as per the 2016 Division of Revenue Bill once available, and plan effectively to utilise these allocations appropriately so as to avoid requesting roll-overs.

Changes to local government allocations

- The *local government equitable share* is being increased by R6 billion over the MTEF to provide some relief for the impact of increasing costs of bulk water and electricity and rapid growth in households.
- The *municipal demarcation transition grant* allocation is being increased to subsidise the additional administrative costs in respect of the re-demarcations. This includes increased allocations for demarcations approved in 2013 and allocations for demarcations approved in 2015.
- The *municipal systems improvement grant* will become an indirect grant so that it can support more strategic capacity building interventions at municipalities. The initiatives funded from this grant will be aligned to the Back-to-Basics strategy and the Department of Cooperative Governance and the National Treasury will jointly decide on the details of how this programme will work.
- The *municipal human settlements capacity grant* was introduced in 2014/15 to facilitate the development of capacity to manage human settlements programmes in anticipation of the assignment of the housing function to cities. However, there is no longer a need for this standalone grant as the assignment process was subsequently suspended indefinitely. The grant will be terminated in 2016/17. Cities will be allowed to use 3 per cent of the *urban settlements development grant* to improve their capacity with regard to the built-environment functions.
- The indirect *bucket eradication programme grant* was due to end in 2015/16 but will be extended to 2016/17 to complete the eradication of bucket sanitation systems in formal residential areas. Sanitation upgrading and bucket system eradication in informal areas will continue to be funded through the *urban settlements development grant*, *human settlements development grant* and *municipal infrastructure grant*.

Reforms to local government fiscal framework

The second phase of the collaborative review of the local government infrastructure grant system led by the National Treasury has been concluded. Several changes will be introduced over the 2016 MTEF period to streamline these grants and improve the value and sustainability of associated investments. Proposed reforms to be introduced from 2016 include:

- Enabling the use of funds for the renewal, refurbishment and rehabilitation of existing infrastructure, alongside asset management systems to plan and prioritise maintenance;

- Reforming the public transport network grant to support financially sustainable transit networks in large cities by using a formula to allocate the grant, thereby giving cities a clear financial envelope within which to plan;
- Consolidating urban grants over the MTEF to tackle challenges in the built environment;
- Rationalising grants to reduce complexity and administrative burdens. Several water and sanitation grants are being merged;
 - The *municipal water infrastructure grant*, the *water services operating subsidy grant* and the *rural households infrastructure grant* will be merged into a single grant that will be targeted at reticulation and on-site-solutions in low capacity municipalities.
- Introducing greater differentiation between urban and rural areas. Secondary cities in particular will see changes to their planning requirements.

National Treasury has initiated a process of reviewing development charges. A national draft policy framework on development charges has been developed and processes are underway to consult on the policy. The consultations will convene early next year. More detailed information on these consultation processes will be provided in due course. For more information in this regard, you can contact Ms Judy Mboweni at Judy.Mboweni@treasury.gov.za or Ms Mmachuene Mpyana at Mmachuene.Mpyana@treasury.gov.za.

4.2 Reporting indicators

The National Treasury has engaged in a process of rationalising the reporting regime for the eight metropolitan municipalities with an aim to reduce the reporting burden whilst also creating a pool of indicators that will enable government to monitor progress on the outcomes and impact of municipal spending. This process has progressed significantly with regards to the outcomes and impact indicators whilst the rationalisation of the inputs, activities and output indicators is still undergoing rigorous consultations. The metropolitan outcomes and impact indicators are linked to the Built Environment Performance Plans (BEPPs) and therefore the Integrated City Development Grant (ICDG); whereas the inputs, outputs and activities indicators are linked directly to the Service Delivery Budget Implementation Plan (SDBIP) only as it relates to the built environment. When finalised, these indicators will assist the process of standardising the SDBIP.

The functional outcomes indicators are due to be finalised for the next budget cycle whilst the work on the input and output indicators is ongoing. Over time these reforms will also be extended to non-metropolitan municipalities.

4.3 Municipal Standard Chart of Accounts (*mSCOA*)¹

The *mSCOA* Regulations apply to all municipalities and municipal entities with effect from 1 July 2017 and only eleven months remain for preparation and implementation readiness as the 2017/18 MTREF budgets will all have to be aligned to *mSCOA*.

The implementation of *mSCOA* must be considered a business reform and it requires a significant change in municipal business processes; and it involves systems conversion and/

¹ The Minister of Finance promulgated the Municipal Regulations on a Standard Chart of Accounts in government gazette Notice No. 37577 on 22 April 2014.

or re-implementation. Further, *mSCOA* requires organisational change as it is not only a financial reform that is being introduced.

The 2016/17 tabled budget or consolidated budget must include an annexure containing the municipality's *mSCOA* project plan and progress to date.

National Treasury has a dedicated website to support municipalities with their *mSCOA* readiness efforts. The following information is available:

- The current *mSCOA* classification framework;
- The *mSCOA* Project Summary Document;
- All Municipal *SCOA* Circulars, providing hands-on support on how to undertake preparation and implementation;
- Integrated Consultative Forum (ICF) – documentation and presentations of the *mSCOA* piloting process; and
- The Frequently Asked Questions Database (FAQ Database) – where previously asked questions and responses can be accessed and new questions may be logged.

For more information on *mSCOA* and other benefits of the reform, visit: <http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

5. The revenue budget

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. For this reason municipalities ***must justify in their budget documentation all increases in excess of the 6.0 per cent*** projected inflation target in the budget narratives.

Municipalities are not maximising the revenue generation potential of their revenue base and this, together with the increasing unemployment and the decline in economic growth means that there is just not sufficient municipal own revenue to supplement the national funding sources to local government.

It is therefore necessary for municipalities to ensure that their tariffs are adequate to, at the minimum, cover the costs of bulk services and also to ensure that all properties are correctly billed for property rates and all services rendered.

5.1 Eskom bulk tariff increases

In terms of the Multi Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA), a tariff increase of 8 per cent has been approved for the 2016/17 financial year. However, Eskom has applied to NERSA to use tariff increases in 2016/17 to compensate for an under-recovery of R22.8 billion in 2013/14. Such an application is allowed in terms of the NERSA's methodology for calculating the MYPD. A similar Eskom application was approved by NERSA for 2015/16.

NERSA is now in the process of reviewing this application. Until a decision on Eskom's application is announced by NERSA, municipalities are advised to base their planning on the 8 per cent increase already approved by NERSA. However, municipalities should be aware that it is possible that a higher tariff increase could be approved and take this possibility into account in their planning for the 2016/17 MTREF. NERSA expects to make a decision on Eskom's application by February 2016.

Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving financial sustainability.

5.2 Water and sanitation tariff increases

Municipalities should consider the full cost of rendering the water and sanitation services when determining tariffs related to these two services. If the tariffs are low and result in the municipality not recovering their full costs, the municipality should develop a pricing strategy to phase-in the necessary tariff increases in a manner that spreads the impact on consumers over a period of time. Should this not be the case, municipalities will be required to clearly articulate the reasons and remedial actions to rectify this position in their budget document. It is expected that the tariffs will differ per municipality depending on the bulk water tariff increases charged by their respective water boards.

Municipalities are urged to design an Inclining Block Tariff (IBT) structure that is appropriate to its specific circumstances, and ensures an appropriate balance between 'low income customers' and other domestic, commercial and business customers, and the financial interests of the municipality. While considering this structure, municipalities are advised to evaluate if the IBT system will be beneficial to them depending on consumption patterns in their areas.

In light of the current drought being experienced across large parts of the country, and to mitigate the need for water tariff increases, municipalities must put in place appropriate strategies to limit water losses to acceptable levels. In this regard municipalities must ensure that water used by its own operations is charged to the relevant service, and not simply attributed to water losses.

6. Funding choices and management issues

Municipalities should carefully consider the costs associated with service delivery while keeping in mind affordability and inflation when setting revenue raising measures. Once again, approving tariffs that are far below levels representing cost of providing the services would negatively impact on the financial sustainability of municipalities.

Furthermore municipalities must consider the following when compiling their 2016/17 MTREF budgets:

- improving the effectiveness of revenue management processes and procedures; and
- pay special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities.

6.1 Employee related costs

The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

Municipalities are advised to use this Salary and Wage Agreement preparing their 2016/17 MTREF budgets.

6.2 Remuneration of councilors

Municipalities are advised to budget for the actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually by the Department of Cooperative Governance.

6.3 Service level standards

In spite of a broad guideline on the minimum service standards having been issued with MFMA Circular No. 75, many municipalities did not incorporate the service level standards in their respective budget documentation nor submit these to National Treasury. All municipalities are again advised to formulate service level standards which must form part of their 2016/17 MTREF tabled budget documentation. The said service level standards must, together with the budgets, tabled before their respective municipal councils by no later than 31 March 2016.

It is noted that the same service level standards do not apply across all municipalities. Therefore, the hereon provided outline is intended to guide municipalities with the development of their respective service level standards. The outline can be amended to suit the requirements of individual municipalities. Municipalities are advised to also consider other guideline documents issued by other institutions available on the link indicated below.

A framework was developed as an outline to assist municipalities in finalising their service level standards. The outline can be accessed on the link below:

<http://mfma.treasury.gov.za/Circulars/Documents/Forms/AllItems.aspx?RootFolder=/Circulars/Documents/Circular 75 - 2015 MTREF&FolderCTID=&View={06AB24E7-1C64-4A80-A0FA-273E6A829094}>

6.4 Outcomes of the Financial Management Capability Maturity Model (FMCMM)

In prioritising the upcoming MTREF decisions, municipalities should review the detailed analysis of the results of the FMCMM assessments with the results of the 32 financial ratios that provide a holistic picture of the financial capability and sustainability of the municipality. These reports have been communicated to all municipalities and should be read in conjunction with the most recent budget reviews and feedback provided by National Treasury and Provincial Treasuries. Key aspects requiring attention should be discussed with the municipal council and management so that they can be prioritised for resource allocation and implementation.

Comments on these assessments and any other related legislative advice on the MFMA can be submitted to the MFMA helpdesk facility at: MFMA@treasury.gov.za

6.5 Hand-over reports for the newly elected council

Each municipal manager, working together with the Chief Financial Officer (CFO) and senior managers, is encouraged to prepare a hand-over report that can be tabled at the first meeting of the newly elected council. The aim of this hand-over report is to provide the new councils important orientation information regarding the municipality, the state of its finances, service delivery and capital programme, as well as key issues that need to be addressed.

It is proposed that the hand-over report should include:

- An overview of the demographic and socio-economic characteristics of the municipality;

- An overview of the organisational structure of the municipality, with the names and numbers of senior managers;
- An overview of key municipal policies that councillors need to be aware of, and where they can obtain the full text of such policies;
- An overview of issues that still need to be addressed in relation to the municipality's turnaround strategy;
- An overview of the municipality's financial health, with specific reference to:
 - Its cash and investments, and its funding of commitments (Table A8);
 - Cash coverage of normal operations (see Supporting Table SA10);
 - Creditors outstanding for more than 30 days, along with reasons for delayed settlement;
 - Current collection levels and debtors outstanding for more than 30 days; and
 - Extent of existing loans, and associated finance and redemption payments.
- The municipality's 2014/15 audit outcome, and its strategy to address audit issues;
- An overview of the provision of basic services, including plans to address backlogs;
- An overview of the state of the municipality's assets, with particular reference to the asset management plan, and repairs and maintenance requirements;
- A list of the main infrastructure projects planned for the 2016/17 budget and MTREF;
- A list of key processes requiring council input over the next six months, e.g. revision of the IDP, approval of specific policies etc. and
- Any other information deemed to be important.

In addition to the hand-over report, each new councillor should be given the municipalities' revised IDP, the adopted 2016/17 budget (if already passed), the mid-year budget and performance assessment report for 2015/16, and the latest monthly financial statement, and the annual report for 2014/15.

Municipal managers should submit their municipality's hand-over report to the relevant provincial department responsible for local government, provincial treasuries, the Department of Co-operative Governance (DCoG) and to National Treasury.

7. Conditional Grant Transfers to Municipalities

7.1 Pledging of conditional grants

Read together with paragraph 4.5 of MFMA Circular No. 51, all conditions for the considerations of the conditional grant pledge should be aligned with the provisions of section 46 of the MFMA regarding long-term borrowing.

While pledging of conditional grants assists in accelerating capital projects, municipalities are cautioned that pledging will only be approved for projects that have gone through a proper planning process as well as meeting the criteria for pledging as per MFMA Circular No. 51.

8. The Municipal Budget and Reporting Regulations

National Treasury has released Version 2.8 of Schedule A1 (the Excel Formats). This version incorporates minor changes (see Annexure A). Therefore **ALL** municipalities **MUST** use this version for the preparation of their 2016/17 Budget and MTREF.

Download Version 2.8 of Schedule A1 by clicking [HERE](http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

8.1 Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official as follows:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole Matjatji Mashoeshoe	012-315 5044 012-315 6567	Templeton.Phogole@treasury.gov.za Matjatji.Mashoeshoe@treasury.gov.za
Free State	Vincent Malepa Cethekile Moshane Katlego Mabiletsa	012-315 5539 012-315 5079 012-395 6742	Vincent.Malepa@treasury.gov.za Cethekile.moshane@treasury.gov.za Katlego.Mabiletsa@treasury.gov.za
Gauteng	Kgomotso Baloyi Nomxolisi Mawulana	012-315 5866 012-315 5460	Kgomotso.Baloyi@treasury.gov.za Nomxolisi.Mawulana@treasury.gov.za
KwaZulu-Natal	Bernard Mokgabodi Johan Botha	012-315 5936 012-315 5171	Bernard.Mokgabodi@treasury.gov.za Johan.Botha@treasury.gov.za
Limpopo	Una Rautenbach Sifiso Mabaso	012-315 5700 012-315 5952	Una.Rautenbach@treasury.gov.za Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Jordan Maja Anthony Moseki	012-315 5663 012-315 5174	Jordan.Maja@treasury.gov.za Anthony.Moseki@treasury.gov.za
Northern Cape	Willem Voigt Mandla Gilimani	012-315 5830 012-315 5807	Willem.Voigt@treasury.gov.za Mandla.Gilimani@treasury.gov.za
North West	Sadesh Ramjathan Makgabo Mabotja	012-315 5101 012-315 5156	Sadesh.Ramjathan@treasury.gov.za Makgabo.Mabotja@treasury.gov.za
Western Cape	Vuyo Mbunge Kevin Bell	012-315 5661 012-315 5725	Vuyo.Mbunge@treasury.gov.za Kevin.Bell@treasury.gov.za
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	lqdataqueries@treasury.gov.za

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a 'quality certificate' in accordance with the format as set out in item 31 of Schedule A in the Municipal Budget and Reporting Regulations.

The National Treasury would like to emphasise that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, ***those municipalities will be required to go back to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations.***

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year reports for both the parent municipality and its entity or entities in that they to produce:

- An annual budget, adjustments budget and monthly financial reports for the parent municipality in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial reports for the parent municipality and all its municipal entities in the relevant formats.

The A Schedule that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and not the budget of the parent municipality only.

9. Budget process and submissions for the 2016/17 MTREF

9.1 Submitting budget documentation and schedules for 2016/17 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that **immediately** after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 31 March 2016, the final date of submission of the electronic budget documents and corresponding electronic returns is **Friday, 01 April 2016**. The deadline for submission of hard copies including council resolution is **Friday, 8 April 2016**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury **within ten working days** after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2016, the final date for such a submission is **Thursday, 14 July 2016**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 2.8) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA37) in both printed and electronic formats;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations; and
- schedules D, E and F specific for the entities.

Municipalities are required to send electronic versions of documents and the A1 schedule to lqdocuments@treasury.gov.za.

If the budget documents are too large to be sent via email (exceeds 4MB) please submit to lqbigfiles@gmail.com. Any problems experienced in this regard can be addressed with Elsabe Rossouw at Elsabe.Rossouw@treasury.gov.za.

Municipalities are required to send printed submissions of their budget documents and council resolution to:

For couriered documents

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

In addition to the above mentioned budget documentation, metropolitan municipalities must submit the Built Environment Performance Plan (BEPP) tabled in council on 31 March 2016 to Yasmin.coovadia@treasury.gov.za. If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to yasmin.coovadia@gmail.com or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with

Yasmin.Coovadia@treasury.gov.za. Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

9.2 Budget reform returns to the Local Government Database for publication

For publication purposes, municipalities are still required to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database. All returns are to be sent to lgdatabase@treasury.gov.za. Municipalities are requested to submit returns for both the draft budget and the final adopted budget. This will assist the National and provincial treasuries with the annual benchmark process.

The aligned electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

9.3 Publication of budgets on municipal websites

In terms of section 75 of the MFMA, all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, <http://mfma.treasury.gov.za/Pages/Default.aspx>. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

Contact



Post Private Bag X115, Pretoria 0001
Phone 012 315 5009
Fax 012 395 6553
Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh
Chief Director: Local Government Budget Analysis
07 December 2015

Annexure A – Changes to Schedule A1 – the ‘Excel formats’

As noted above, National Treasury has released Version 2.8 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet	Amendment	Reason
1	A10	Cost of free basic services	Improve reporting of cost of free basic services provided including in informal settlements.
2	SA1	Revenue foregone	Improve reporting on revenue foregone and cost of free basic services.
3	SA9	Provision of free basic services	To provide detailed breakdown of free basic services which links to A10.

Annexure B – Municipalities affected by redeterminations

Redeterminations Finalised by the MDB in 2013 and 2015

Province	Affected Local Municipalities	Impact
Redeterminations finalised in 2013		
Gauteng	Randfontein and Westonaria	Reduction of 1 Municipality
KwaZulu - Natal	Vulamehlo and Umdoni	Reduction of 1 Municipality
	Hlabisa and The Big 5 False Bay	Reduction of 1 Municipality
	Umtshezi and Imbabazane	Reduction of 1 Municipality
	Ezingoleni and Hibiscus Coast	Reduction of 1 Municipality
	Emnambithi/Ladysmith and Indaka	Reduction of 1 Municipality
	Kwa Sani and Ingwe	Reduction of 1 Municipality
	Ntambanana, Mthonjaneni and uMhlathuze	Reduction of 1 Municipality . (Ntambanana disestablished with 8 wards. Ward s1-4 incorporated into Mthonjaneni; wards 5-8 incorporated into uMhlathuze)
Redeterminations finalised in 2015		
KwaZulu - Natal	Mooi Mpofana and Umvoti	No reduction in number of Municipalities. Portion of Mooi Mpofana (Cadham voting district) incorporated into Umvoti.
Mpumalanga	Mbombela and Umjindi	Reduction of 1 Municipality
Free State	Mangaung and Naledi	Reduction of 1 Municipality
North West	Ventersdorp and Tlokwe	Reduction of 1 Municipality
Northern Cape	Mier and //Khara Hais	Reduction of 1 Municipality
Limpopo	Mutale, Thulamela, Makhado and Musina	Reduction of 1 Municipality (Mutale disestablished. Parts of Mutale are incorporated into Thulamela and Musina. Parts of Makhado and Thulamela are incorporated to form a new municipality .)
	New Municipality	Parts of Makhado and Thulamela are incorporated to form a new municipality .
	Aganang, Blouberg, Molemole and Polokwane	Reduction of 1 Municipality . (Aganang disestablished; parts of Aganang incorporated into Blouberg, Molemole and Polokwane).
	Fetakgomo and Greater Tubatse	Reduction of 1 Municipality
	Modimolle and Mookgopong	Reduction of 1 Municipality
Eastern Cape	Gariep and Maletswai	Reduction of 1 Municipality
	Nxuba and Nonkobe	Reduction of 1 Municipality
	Inkwanca, Tsolwana and Lukanji	Reduction of 2 Municipalities (all 3 amalgamated into 1)
	Camdeboo, Baviaans and Ikwezi	Reduction of 2 Municipalities (all 3 amalgamated into 1)

Annexure C – Previous MFMA Circulars

Budget management issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55, 66, 67 and 70 with regards to the following issues:

1. Mayor's discretionary funds and similar discretionary budget allocation – National Treasury regards allocations that are not designated for a specific purpose to be bad practice and discourage them (refer to MFMA Circular 51).
2. Unallocated ward allocations – National Treasury does not regard this to be a good practice, because it means that the tabled budget does not reflect which ward projects are planned for purposes of public consultation and council approval (refer to MFMA Circular 51).
3. New office buildings – Municipalities are required to send detailed information to National Treasury if they are contemplating building new main office buildings (refer to MFMA Circular 51).
4. Virement policies of municipalities – Municipalities are reminded of the principles that must be incorporated into municipal virements policies (refer to MFMA Circular 51).
5. Providing clean water and managing waste water – Municipalities were reminded to include a section on 'Drinking water quality and waste water management' in their budget document (refer to MFMA Circular 54).
6. Renewal and repairs and maintenance of existing assets – Allocations to repairs and maintenance, and the renewal of existing infrastructure must be prioritised. Municipalities must provide detailed motivations in their budget documentation if allocations do not meet the required benchmarks set out in MFMA Circular 55 and 66.
7. Credit cards and debit cards linked to municipal bank accounts are not permitted – On 02 August 2011 National Treasury issued a directive to all banks informing them that as from 01 September 2011 they are not allowed to issue credit cards or debit cards linked to municipal bank accounts (refer to MFMA Circular 55).
8. Water and sanitation tariffs must be cost reflective - refer to MFMA Circular 66.
9. Solid waste tariffs – refer to MFMA Circular 70.
10. Variances between 4th Quarter section 71 results and annual financial statements – refer to Circular 67.
11. Additional In-Year reporting requirements – refer to MFMA Circular 67.
12. Appropriation statement (reconciliation: budget and in-year performance)- reference is made to circular 67. It came to the attention of National Treasury that a number of municipalities did not include the appropriation statement as part of their 2012/13 or 2013/14 annual financial statement. In terms of the Standards of GRAP 24 on the Presentation of Budget Information in Financial Statements, municipalities are required to present their original and adjusted budgets against actual outcome in the annual financial statements. This is considered an appropriation statement and the comparison between the budget and actual performance should be a mirror image of each other as it relates to the classification and grouping of revenue and expenditure as has been the case in a national and provincial context. This statement is subject to auditing and accordingly supporting documentation would be required to substantiate the compilation of this statement.
13. Eliminating non-priority spending – The 2013 MTBPS emphasised the need for government to step-up its efforts to combat waste, inefficiency and corruption (refer to MFMA circular 70).
14. Council oversight over the budget process – refer to MFMA Circular 70.

Conditional grant issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55 and 67 with regards to the following issues:

1. Accounting treatment of conditional grants: Municipalities are reminded that in accordance with accrual accounting principles, conditional grants should only be treated as 'transfers recognized' revenue when the grant revenue has been 'earned' by incurring expenditure in accordance with the conditions of the grant.
2. VAT on conditional grants: SARS has issued a specific guide to assist municipalities meeting their VAT obligations – **VAT 419 Guide for Municipalities**. To assist municipalities accessing this guide it has been placed on the National Treasury website at: <http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx>
3. Interest received and reclaimed VAT in respect of conditional grants: Municipalities are reminded that in MFMA Circular 48, National Treasury determined that:
 - Interest received on conditional grant funds must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions; and
 - 'Reclaimed VAT' in respect of conditional grant expenditures must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions.
4. Appropriation of conditional grants that are rolled over – As soon as a municipality receives written approval from National Treasury that its unspent conditional grants have been rolled-over it may proceed to spend such funds (refer to MFMA Circular 51 for other arrangements in this regard).
5. Pledging of conditional grant transfers – the 2015 Division of Revenue Bill contained a provision that allows municipalities to pledge their conditional grants. The end date for the pledges is extended to 2017/18. The process of application as set out in MFMA Circular 51 remains unchanged.
6. Separate reporting for conditional grant roll-overs – National Treasury has put in place a separate template for municipalities to report on the spending of conditional grant roll-overs. Municipalities are reminded that conditional grant funds can only be rolled-over once, so if they remain unspent in the year in which they were rolled-over they MUST revert to the National Revenue Fund.
7. Payment schedule – National Treasury has instituted an automated payment system of transfers to municipalities in order to ensure appropriate safety checks are put in place. Only the primary banking details verified by National Treasury will be used for effecting transfers.
8. Conditional grant transfers/payments, the responsibilities of transferring and receiving authorities and the criteria for the rollover of conditional grants – It is important that the transfers made to municipalities' are transparent, and properly captured in the municipalities' budgets. MFMA Circular no: 67 in this regard refers. The criterion for the rollover of conditional grants is stipulated in MFMA Circular no: 51.

MBRR issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55 with regards to the following issues:

1. Budgeting for revenue and 'revenue foregone' – The 'realistically anticipated revenues to be collected' that must be reflected on the Budgeted Statement of Financial Performance (Tables A2, A3 and A4) must exclude 'revenue foregone'. The definition

of 'revenue foregone' and how it is distinguished from 'transfers and grants' is explained in MFMA Circular 51.

2. Preparing and amending budget related policies – Information on all budget related policies and any amendments to such policies must be included in the municipality's annual budget document (refer to MFMA Circular 54).
3. 2013/14 MTREF Funding Compliance Assessment – All municipalities were required to perform the funding compliance assessment outlined in *MFMA Funding Compliance Guideline* and to include the relevant information outlined in MFMA Circular 55 in their 2015/16 budgets (refer to MFMA Circular 55).
4. Tabling a funded budget - It is critical that municipalities adopt and implement funded budgets as per Section 18 of the MFMA. Tables A7 and A8 which if completed correctly by the municipality, it will provide most of the information required to evaluate whether a municipality's operating and capital budgets are **funded** or not.



Municipal Budget Circular for the 2016/17 MTREF

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Introduction

The budget circular is compiled annually to guide municipalities on how to prepare their budget inputs. This circular is a follow-up to the MFMA Budget Circular No.78 that focused on the preparation of the 2016/17 Medium Term Revenue and Expenditure Framework (MTREF). This guidance includes national policy imperatives that should be accommodated and other relevant information. The circular provides a summary of South Africa's economic outlook, inflationary targets, financial management issues and specific reference on how to give effect to National Treasury's Municipal Budget and Reporting Regulations (MBRR). The key focus of this circular is the impact of the date of the 2016 Local Government Elections on municipalities affected by re-demarcations and the changes to the local government grant allocations.

1. 2016 Local Government Elections and the budget process

1.1 Impact of Local Government Elections on demarcation changes

The date of the 2016 local government elections has not yet been declared, which means that it is also not yet known when the new demarcations will come into effect. The re-demarcation could take place before or after the start of the 2016/17 municipal financial year, which begins on 01 July 2016.

Allocations published in the 2016 Division of Revenue Bill are based on the new municipal boundaries because these new demarcations will be in effect for the majority of the 2016/17 municipal financial year. The following guidance was provided in the MFMA Budget Circular No. 78:

If the elections are held before 01 July 2016, merging municipalities will be expected to:

- Compile individual budgets for the 2016/17 MTREF and work as a team with other affected municipalities on the planning and technical processes in compiling the consolidated budget for the newly demarcated municipality; and
- Complete the remaining weeks of the financial year on their existing budget structures (and existing demarcations). The allocations published in the 2016 Division of Revenue Bill will then be transferred to the re-demarcated municipalities from 01 July 2016.

However, additional clauses have been added to section 38 of the 2016 Division of Revenue Bill to enable the National Treasury to gazette revised allocations if the elections take place after 01 July 2016.

If elections are held after 01 July 2016, the following is expected:

- Revised allocations to be transferred to the current 278 municipalities for the period between 01 July 2016 and the date of the elections (when the re-demarcated municipal boundaries will come into effect);
- The remaining allocations will be transferred to the re-demarcated municipalities after the elections;
- Merging municipalities to compile individual budgets for the 2016/17 MTREF and work as a team with other affected municipalities on the planning and technical processes in compiling the consolidated budget for the newly demarcated municipality; and
- Municipalities to implement the individual budgets until the new re-demarcations come into effect.

In areas affected by major re-demarcations the focus of the budget process for the 2016/17 MTREF should be on preparing the budget of the new municipalities that will come into effect

on the date of the 2016 local government elections. Public consultations and decisions regarding tariffs and spending priorities should be focused on how these new institutions will be funded and deliver services. As elections must be held by mid-August (in terms of the requirements of section 24 of the Municipal Structures Act) these new municipalities will be responsible for delivering services for the majority of the 2016/17 financial year and over the rest of the medium term period. Preparation of these budget documents should be led by the Change Management Committee established to manage the implications of re-demarcations in each area.

The councils of the pre-election municipalities affected by the boundary change must jointly consider the budget for the new municipality to be established to ensure that all the issues are addressed e.g. budget related policies. The draft budget prepared by the Change Management Committee and agreed to by the pre-election councils should then be adopted by the newly elected council as soon as possible after it is constituted. If there are changes to be made, they must be considered during the 2016/17 adjustments budget or the 2017/18 MTREF.

Municipalities that will be merged or disestablished on the date of the local government elections must also prepare 2016/17 MTREF budgets for their existing municipality. If the election is held after 01 July then expenditure and the collection of revenue will be done in terms of this budget until the budget of the new council is adopted. The budgets that these municipalities prepare must be aligned to the budget for the new municipality described above.

If two municipalities are merging then the total of the transfers they budget to receive should be equal to the total allocated to the new municipality in the 2016 Division of Revenue Bill. Municipalities can use the proportion of funds allocated to each municipality in terms of the 2015 Division of Revenue Act as a guide to how to apportion 2016/17 MTEF allocations between the existing municipalities. For example, if municipality 1 and municipality 2 are merging to form municipality 3 and municipality 1 received an equitable share twice as large as municipality 2 in 2015/16, then municipality 1 should prepare a 2016/17 MTREF budget based on receiving 66.6 per cent of the equitable share allocation published for municipality 3 in the 2016 Division of Revenue Bill.

If the local government election date is after 01 July 2016, National Treasury will gazette how much will be transferred to each pre-election municipality for the period between 01 July 2016 and Election Day. In terms of the requirements and process set out in section 38 of the 2016 Division of Revenue Bill, this gazette will be issued within 2 weeks after the election date is announced or the Bill is enacted (whichever date is later).

The changes to municipal boundaries result in some significant changes to municipal allocations in 2016/17. To cushion the impact of these changes, all municipalities will receive at least 95 per cent of the equitable share formula allocation indicatively allocated to them in 2016/17 in the 2015 Division of Revenue Act. For merged municipalities, this guarantee will be based on the sum of the equitable share allocations to the previously separate municipalities. In cases where a municipality has been split, the guarantee is applied to an area's share of the former municipality's equitable share, based on its portion of the population in the former municipality.

The role of the Change Management Committee is critical in ensuring that budget policies for the newly demarcated municipalities are developed. The MECs for local government have issued provincial gazettes in terms of section 14 of the Municipal Structures Act, 1998 (Act No 117 of 1998)(LGMSA) detailing the transitional process for municipalities affected by re-demarcations.

2. The South African economy and inflation targets

The 2016 Budget Review notes that since the tabling of the Medium Term Budget Policy Statement (MTBPS) in October 2015 the global economic crisis has deepened, exposing the depth of South Africa's external vulnerabilities and the internal constraints that limit its potential for growth. Global conditions have exposed South Africa's own economic weaknesses, with projected GDP growth revised down to 0.9 per cent for 2016 improving gradually to 1.7 per cent in 2017 and 2.4 per cent in 2018.

The weaker outlook is as a result of lower commodity prices, higher borrowing costs, drought and diminished business and consumer confidence. Constrained electricity supply continues to limit growth and deter fixed investment. Exchange rate depreciation is contributing to a higher inflation outlook during 2016.

These factors are expected to ease over the medium term. An upturn in global trade and investment, improved policy certainty, recovering consumer and business confidence, and greater availability and reliability of electricity in the outer years should support stronger growth.

Job creation remains one of the most pressing concerns for the economy. Headline employment grew by 3.7 per cent in the first three quarters of 2015. According to Statistics South Africa, 19 000 jobs were created in the formal sector and 273 000 in the informal sector in the first three quarters of 2015. The unemployment rate stood at 25.5 per cent in the third quarter of 2015, with the number of South Africans categorised as long-term unemployed 5.7 per cent higher than in 2014.

Higher inflation and weaker employment growth will impact on the ability of all municipalities to generate and collect revenue on services, to keep expenditures within budgeted allocations, and to borrow to fund capital expenditure programmes at affordable rates. Therefore it is critical for municipalities to review how they conduct their business to ensure value for money is obtained in all their expenditures, that revenue administration systems are operating effectively, that borrowing programmes are realistic, and that creditors (including bulk service providers) continue to be paid timeously and in full.

Municipalities must take the following macro-economic forecasts into consideration when preparing their 2016/17 budgets and MTREF.

Table 1: Macroeconomic performance and projections, 2014/15 – 2018/19

Fiscal year	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Estimate	Forecast		
CPI Inflation	5.6%	5.4%	6.6%	6.2%	5.9%
Real GDP growth	1.6%	0.9%	1.2%	1.9%	2.5%

Source: 2016 Budget Review

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

3. Key focus areas for the 2016/17 budget process

3.1 Local government conditional grants and additional allocations

The purpose of the conditional grants is to deliver on national government priorities relating to service delivery. Additional funding is allocated in the form of unconditional allocations such as the equitable share and the sharing of the general fuel levy. The main purpose of the equitable share is to fund the provision of free basic services to the poor.

Over the 2016 MTEF period, R339.6 billion will be transferred directly to local government and a further R22.9 billion has been allocated to indirect grants. Direct transfers to local government over the 2016 MTEF period account for 9.1 per cent of national government's non-interest expenditure. The total spending on local government increases to 9.8 per cent of national non-interest expenditure when indirect transfers are added.

Direct transfers to local government grow at an annual average rate of 6.8 per cent over the 2016 MTEF period. Transfers to local government tabled in the 2016 MTEF have been reduced to make funding available for other government priorities. Over the MTEF period, local government allocations decrease by R967 million. Despite these reductions, total allocations to local government still grow at an annual average rate of 6.7 per cent over the MTEF period.

Municipalities are reminded that all allocations included in the budgets must correspond to the allocations listed in the Division of Revenue Bill. All the budget documentation can be located on the National Treasury website by clicking on the link below:
<http://www.treasury.gov.za/documents/national%20budget/2016/>

Changes to local government allocations

- The *local government equitable share* - the 2016 budget reduces the baseline allocation by R300 million, or 0.6 per cent, in 2016/17. In 2017/18 and 2018/19, R1.5 billion and R3 billion are added respectively to offset the rising costs of basic services. These amounts revise downwards the 2015 MTBPS medium-term projection of an additional R6 billion. This change is as a result of government's reprioritisation of expenditure.
- The *municipal demarcation transition grant* allocation – a total of R409.3 million has been allocated in 2016/17 and 2017/18 to fund the changes in municipal boundaries in affected municipalities.
- The *municipal systems improvement grant* has been reconfigured as an indirect grant from 2016/17 to help poorly performing municipalities with revenue collection, performance management and record keeping. Regional management support will also be provided to groups of municipalities facing common institutional weaknesses.
- A total of R350 million is added to the *bucket eradication programme grant* in 2016/17 to complete the eradication of bucket sanitation systems in formal residential areas. The *urban settlements development grant*, the *human settlements development grant* and the *municipal infrastructure grant* will continue to fund the upgrade of sanitation in informal settlements through various projects focused on improving these areas. An amount of R155 million is also reprioritised into the *regional bulk infrastructure grant*.
- There is also a small shift of funds from the *municipal infrastructure grant* to the *urban settlements development grant* to account for the absorption of Naledi Local Municipality (which receives the *municipal infrastructure grant*) into Mangaung Metropolitan Municipality (which receives the *urban settlements development grant*).

Reforms to local government infrastructure grants

The National Treasury, in collaboration with the Department of Cooperative Governance, the Department of Planning, Monitoring and Evaluation, SALGA and the FFC, has reviewed the system of local government infrastructure grants. Following an intergovernmental review of the local government infrastructure grant system, significant changes are being made to the way these grants are structured. The changes include:

- Allowing municipalities to use conditional grant funds to repair and refurbish existing infrastructure. Spending of grant funds on refurbishment should be focused on infrastructure serving the poor and does not remove the responsibility of municipalities to fund routine maintenance from the equitable share and own revenues. This will improve services and secure future revenue streams.
- Reducing the number of water and sanitation grants from four to two by merging of the previous *municipal water infrastructure grant*, the *water services operating subsidy grant* and the *rural household infrastructure grant* to create a new *water services infrastructure grant*. The regional bulk infrastructure grant is to fund large bulk-water and sanitation projects, and the water services infrastructure grant is to fund construction and refurbishment of reticulation schemes and on-site services in rural municipalities.
- A new formula to allocate the R6 billion per year set aside to upgrade public transport in 13 cities. The previous system incentivised cities to plan overly expensive systems in the hope of receiving more funding. The new formula provides greater certainty about the long-term support government will provide, and allows cities to plan affordable and sustainable infrastructure upgrades.

4. Revenue management

National Treasury continues to encourage municipalities to keep increases in property rates, tariffs for trading services and charges for other municipal own revenue sources within the parameters of the country's inflation rate. Furthermore, municipalities must adopt a tariff setting methodology that achieves an appropriate balance between the interests of poor households and other customers while ensuring financial sustainability of the municipality. Demand management is becoming increasingly necessary as the country faces water shortages and an unstable electricity supply. The approach to tariff setting should consider all these factors and strive to achieve an equitable balance.

It is anticipated that the cost of providing municipal services will grow at a faster rate than the transfers from national government. Resource scarcity will most likely increase the cost of bulk purchases in respect of water and electricity beyond the country's inflationary targets.

Furthermore, providing for free basic services in the case of poorer households must be carefully considered and, where some municipalities have opted to provide this benefit to ALL households, this may not be financially sustainable in the long-term. Where appropriate, a municipality should re-evaluate the costs and benefits of universal or targeted provision of free basic services subsidies, in order to protect their delivery to poor households in particular. At no point should the provision of these subsidies remove resources from programmes that will expand access to infrastructure services for presently un-served households.

Where municipalities do not have an adequate revenue base and where municipalities face a combination of challenges such as resource scarcity, high unemployment and slower than average economic growth, an aggressive approach to curbing non-core spending and improving operational efficiencies is strongly advised.

4.1 Tariff setting

There are several tools available and methodologies employed to determine the appropriate tariffs for water and electricity services. Municipalities may favour different approaches but the principles of tariff setting should be consistently applied.

Municipalities should consider the following practicalities when setting tariffs:

- Costs of bulk purchases and the fluctuation in the seasonal cost thereof;
- Consumption patterns to enable better demand planning and management; and
- In the event that municipalities have been under recovering costs, embark on a process to correct their tariff structures over a reasonable time period so that cost reflective tariffs are achieved.

The tariff setting process is reliant on sound baseline information such as the number of properties within the municipal area of jurisdiction, the values of these properties, the number of households identified as indigent or poor, the consumption patterns in respect of basic services and the growth patterns within the various geographic areas.

4.2 Eskom bulk tariff increases

In terms of the Multi Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA), a tariff increase of 9.4 per cent has been approved for the 2016/17 financial year. However NERSA has not yet approved and published guidelines on municipal electricity price increase for the 2016/17 financial year.

Municipalities are urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving financial sustainability.

5. Funding choices and management issues

Municipalities should carefully consider the costs associated with service delivery while keeping in mind affordability and inflation when setting revenue raising measures. Once again, approving tariffs that are far below levels representing the cost of providing the services would negatively impact on the financial sustainability of municipalities.

5.1 Employee related costs

The South African Local Government Bargaining Council recently entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

Municipalities are advised to use this Salary and Wage Agreement preparing their 2016/17 MTREF budgets.

5.2 Remuneration of councilors

Municipalities are advised to budget for the actual costs approved in accordance with the gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published on 21 December 2015 by the Department of Cooperative Governance.

5.3 Cost containment measures

In the 2016 State of the Nation Address by the President, the cost containment measures announced by the Minister of Finance in 2013 were re-emphasised. It was highlighted that excessive and wasteful expenditure has been reduced, but there is still more to be done to cut

wastage. In addition the President announced some new measures which include, amongst others:

- Curtailment of overseas trips and the submission of strong motivations by those requesting permission to travel i.e. the benefit to the country needs to be proved; and
- Institution of further restrictions on conferences, catering, entertainment and social functions.

The Minister of Finance announced further measures in his budget speech on 24 February 2016. The Mayors of municipalities were urged to join in eliminating wasteful expenditure in government.

The advice provided in MFMA Budget Circular (No. 58, 66, 70, 72, 74 and 75) on cost containment measures and elimination of non-priority spending is still applicable to municipalities. A separate MFMA Circular will be issued on cost containment measures. In addition National Treasury is firstly in a process of reviewing the National Treasury instruction on cost containment measures which was issued to accounting officers of departments and secondly, determining its applicability to local government. Once the process has been concluded, a Regulation on cost containment measures applicable to local government will be issued.

Municipalities were advised in MFMA Circular No. 70 to align their budgeting policies to the cost containment measures to the extent possible as approved by Cabinet in 2013. Municipalities are requested to table the cost containment measures in council and to submit evidence thereof to the National and Provincial Treasuries together with the budget documentation in terms of the MFMA.

5.4 2016/17 MTREF budget assessment

The National Treasury has continuously advised municipalities in previous budget circulars on financial management issues to be considered when compiling budgets. The 2016/17 MTREF budget assessment will critically consider the following:

- Cost reflective tariffs;
- Appropriateness of budget assumptions;
- Provision for asset renewal and maintenance;
- Credibility and level of funding of the budget (funded or not funded); and
- Alignment of the budgets to municipality's plans.

Therefore municipalities must ensure that their 2016/17 MTREF addresses the items listed above and further submit the methodology applied in setting tariffs when submitting budget documentation to the National Treasury in terms of the MFMA.

6. Conditional Grant Transfers to Municipalities

6.1 Overspending of conditional grants

Expenses incurred against conditional grants should be made in line with the allocations stated in the Division of Revenue Act (DoRA) as required by the Municipal Budget and Reporting Regulations (MBRR) in supporting tables SA 18 and 19. Municipalities must therefore adopt their annual budget in line with the allocations made in the DoRA.

In instances where municipalities overspent against their budgeted programmes, own revenue source should be used against such expenditure items. This implies that a debtor cannot be raised against the transferring national officer's future allocations.

6.2 Criteria for the rollover of conditional grant funds

The criteria published in MFMA Budget Circular No. 75 are still applicable when considering rollover requests. Municipalities must submit the required information or application to National Treasury by 31 August 2016, if not, the application will not be considered.

When considering rollover requests from municipalities, all unspent cash backed grants should be classified only as "Cash and cash equivalents". This number must also reconcile with the cash flow statements. All conditional grants must be spent in line with the conditions for which they are set for. They must not be invested.

6.3 Payment procedure on conditional grants

Conditional grants are paid in line with the approved payment schedule and are captured and authorised three days in advance. These payments include revised payment schedules, amended payment schedules, and withheld payments and rollovers credit payments.

7. The Municipal Budget and Reporting Regulations

National Treasury has released Version 2.8 of Schedule A1 (the Excel Formats). This version incorporates minor changes (see Annexure A). Therefore **ALL** municipalities **MUST** use this version for the preparation of their 2016/17 Budget and MTREF.

Download Version 2.8 of Schedule A1 by clicking [HERE](http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx)

The Municipal Budget and Reporting Regulations, formats and associated guides are available on National Treasury's website at:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx>

7.1 Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A1, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury official as follows:

	Responsible NT officials	Tel. No.	Email
Eastern Cape	Templeton Phogole	012-315 5044	Templeton.Phogole@treasury.gov.za
	Matjatji Mashoeshoe	012-315 6567	Matjatji.Mashoeshoe@treasury.gov.za
Free State	Vincent Malepa	012-315 5539	Vincent.Malepa@treasury.gov.za
	Cethekile Moshane	012-315 5079	Cethekile.moshane@treasury.gov.za
	Katlego Mabiletsa	012-395 6742	Katlego.Mabiletsa@treasury.gov.za
Gauteng	Kgomotso Baloyi	012-315 5866	Kgomotso.Baloyi@treasury.gov.za
	Nomxolisi Mawulana	012-315 5460	Nomxolisi.Mawulana@treasury.gov.za
KwaZulu-Natal	Bernard Mokgabodi	012-315 5936	Bernard.Mokgabodi@treasury.gov.za
	Johan Botha	012-315 5171	Johan.Botha@treasury.gov.za
Limpopo	Una Rautenbach	012-315 5700	Una.Rautenbach@treasury.gov.za
	Sifiso Mabaso	012-315 5952	Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Jordan Maja	012-315 5663	Jordan.Maja@treasury.gov.za
	Anthony Moseki	012-315 5174	Anthony.Moseki@treasury.gov.za
Northern Cape	Willem Voigt	012-315 5830	Willem.Voigt@treasury.gov.za
	Mandla Gilimani	012-315 5807	Mandla.Gilimani@treasury.gov.za
North West	Sadesh Ramjathan	012-315 5101	Sadesh.Ramjathan@treasury.gov.za

	Makgabo Mabotja	012-315 5156	Makgabo.Mabotja@treasury.gov.za
Western Cape	Vuyo Mbunge	012-315 5661	Vuyo.Mbunge@treasury.gov.za
	Kevin Bell	012-315 5725	Kevin.Bell@treasury.gov.za
Technical issues with Excel formats	Elsabe Rossouw	012-315 5534	Iqdataqueries@treasury.gov.za

National Treasury, together with the provincial treasuries, will undertake a compliance check and, where municipalities have not provided complete budget information, the municipal budgets will be returned to the mayors and municipal managers of the affected municipalities for the necessary corrections. Municipal managers are reminded that the annual budget must be accompanied by a 'quality certificate' in accordance with the format as set out in item 31 of Schedule A in the Municipal Budget and Reporting Regulations.

The National Treasury needs to emphasise that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, ***those municipalities will be required to go back to the municipal council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations.***

Municipalities with municipal entities are once again reminded to prepare consolidated budgets and in-year reports for both the parent municipality and its entity or entities in that they are to produce:

- An annual budget, adjustment budget and monthly financial statements for the parent municipality in the relevant formats; and
- A consolidated annual budget, adjustments budget and monthly financial statements for the parent municipality and all its municipal entities in the relevant formats.

The A Schedule that the municipality submits to National Treasury must be a consolidated budget for the municipality (plus entities) and not the budget of the parent municipality only.

8. Budget process and submissions for the 2016/17 MTREF

8.1 Submitting budget documentation and schedules for 2016/17 MTREF

To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that ***immediately*** after an annual budget is tabled in a municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to council on 31 March 2016, the final date of submission of the electronic budget documents and corresponding electronic returns is **Friday, 01 April 2016**. The deadline for submission of hard copies including council resolution is **Friday, 8 April 2016**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury ***within ten working days*** after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2016, the final date for such a submission is **Thursday, 14 July 2016**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A (version 2.8) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA37) in both printed and electronic formats;
- the draft service delivery and budget implementation plan in both printed and electronic format;
- the draft integrated development plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations;
- **schedules D, E and F specific for the entities;**
- signed budget locking certificate as found on the website;
- service level standards; and
- mSCOA implementation plan and progress to date.

Municipalities are required to send electronic versions of documents and the A1 schedule to lgdocuments@treasury.gov.za.

If the budget documents are too large to be sent via email (exceeds 4MB) please submit to lgbigfiles@gmail.com. Any problems experienced in this regard can be addressed with Elsabe Rossouw at Elsabe.Rossouw@treasury.gov.za.

All new municipalities must submit the 2016/17 MTREF as soon as it is adopted by the newly elected council.

Municipalities are required to send printed submissions of their budget documents and council resolution to:

For couriered documents

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

In addition to the above mentioned budget documentation, metropolitan municipalities must submit the Built Environment Performance Plan (BEPP) tabled in council on 31 May 2016 to Yasmin.coovadia@treasury.gov.za. If the BEPP documents are too large to be sent via email (exceeds 4MB) please submit to yasmin.coovadia@gmail.com or send to Yasmin Coovadia via Dropbox; any problems experienced in this regard can be addressed with Yasmin.Coovadia@treasury.gov.za. Hard copies of the BEPP may be sent to Yasmin Coovadia, National Treasury, 3rd floor 40 Church Square, Pretoria, 0002 or Private Bag X115, Pretoria, 0001.

8.2 Budget reform returns to the Local Government Database for publication

For publication purposes, municipalities are still required to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database. All returns are to be sent to lgdatabase@treasury.gov.za.

Municipalities are requested to submit returns for both the draft budget and the final adopted budget.

This will assist the National and provincial treasuries with the annual benchmark process. The aligned electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

8.3 Municipal Standard Chart of Accounts (*mSCOA*)¹

The *mSCOA* Regulations apply to all municipalities and municipal entities with effect from 1 July 2017 and only seven months remain for preparation and implementation readiness as the 2017/18 MTREF budgets will all have to be aligned to *mSCOA*. It is critical for municipalities to start budgeting on *mSCOA* by September 2016 to go live on 01 July 2017.

Municipalities are reminded that the current reporting requirements will remain in place until the National Treasury considers the implementation of the *mSCOA* and the new reporting reforms are no longer a risk. Those who do not adhere to the prescribed reporting according to the MBRR and the submission of the Budget reform returns to the National Treasury Local Government database will be regarded as non-compliant for publication purposes (refer to paragraph 8.2).

Municipalities that are implementing the *mSCOA* must use the latest version of the *mSCOA* classification framework at the link below when compiling the 2016/17 MTREF.

<http://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

The MBRR Schedules will remain as is until further notice.

8.4 General

Municipalities use external service providers' e-mails as a result of weak or poor Information and Communication Technology (ICT). The affected municipalities are urged to use official e-mail addresses linked to the institution; therefore they must address the ICT challenges experienced.

Contact



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post Private Bag X115, Pretoria 0001

Phone 012 315 5009

Fax 012 395 6553

Website <http://www.treasury.gov.za/default.aspx>

JH Hattingh

Chief Director: Local Government Budget Analysis

07 March 2016

¹ The Minister of Finance promulgated the Municipal Regulations on a Standard Chart of Accounts in government gazette Notice No. 37577 on 22 April 2014.

Annexure A – Changes to Schedule A1 – the ‘Excel formats’

As noted above, National Treasury has released Version 2.8 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet/ Table	Amendment	Reason
1	A10	Cost of free basic services	Improve reporting of services provided including informal settlements.
2	SA1	Revenue foregone	Improve reporting on revenue foregone and cost of free basic services.
3	SA9	Provision of free basic services	To provide detailed breakdown of free basic services which links to A10.

Annexure B – Previous MFMA Circulars

Budget management issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55, 66, 67 and 70 with regards to the following issues:

1. Mayor's discretionary funds and similar discretionary budget allocation – National Treasury regards allocations that are not designated for a specific purpose to be bad practice and discourage them (refer to MFMA Circular 51).
2. Unallocated ward allocations – National Treasury does not regard this to be a good practice, because it means that the tabled budget does not reflect which ward projects are planned for purposes of public consultation and council approval (refer to MFMA Circular 51).
3. New office buildings – Municipalities are required to send detailed information to National Treasury if they are contemplating building new main office buildings (refer to MFMA Circular 51).
4. Virement policies of municipalities – Municipalities are reminded of the principles that must be incorporated into municipal virements policies (refer to MFMA Circular 51).
5. Providing clean water and managing waste water – Municipalities were reminded to include a section on 'Drinking water quality and waste water management' in their budget document (refer to MFMA Circular 54).
6. Renewal and repairs and maintenance of existing assets – Allocations to repairs and maintenance, and the renewal of existing infrastructure must be prioritised. Municipalities must provide detailed motivations in their budget documentation if allocations do not meet the required benchmarks set out in MFMA Circular 55 and 66.
7. Credit cards and debit cards linked to municipal bank accounts are not permitted – On 02 August 2011 National Treasury issued a directive to all banks informing them that as from 01 September 2011 they are not allowed to issue credit cards or debit cards linked to municipal bank accounts (refer to MFMA Circular 55).
8. Water and sanitation tariffs must be cost reflective - refer to MFMA Circular 66.
9. Solid waste tariffs – refer to MFMA Circular 70.
10. Variances between 4th Quarter section 71 results and annual financial statements – refer to Circular 67.
11. Additional In-Year reporting requirements – refer to MFMA Circular 67.
12. Appropriation statement (reconciliation: budget and in-year performance)- reference is made to circular 67. It came to the attention of National Treasury that a number of municipalities did not include the appropriation statement as part of their 2012/13 or 2013/14 annual financial statement. In terms of the Standards of GRAP 24 on the Presentation of Budget Information in Financial Statements, municipalities are required to present their original and adjusted budgets against actual outcome in the annual financial statements. This is considered an appropriation statement and the comparison between the budget and actual performance should be a mirror image of each other as it relates to the classification and grouping of revenue and expenditure as has been the case in a national and provincial context. This statement is subject to auditing and accordingly supporting documentation would be required to substantiate the compilation of this statement.
13. Eliminating non-priority spending – The 2013 MTBPS emphasised the need for government to step-up its efforts to combat waste, inefficiency and corruption (refer to MFMA circular 70).
14. Council oversight over the budget process – refer to MFMA Circular 70.

Conditional grant issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55 and 67 with regards to the following issues:

1. Accounting treatment of conditional grants: Municipalities are reminded that in accordance with accrual accounting principles, conditional grants should only be treated as 'transfers recognized' revenue when the grant revenue has been 'earned' by incurring expenditure in accordance with the conditions of the grant.
2. VAT on conditional grants: SARS has issued a specific guide to assist municipalities meeting their VAT obligations – **VAT 419 Guide for Municipalities**. To assist municipalities accessing this guide it has been placed on the National Treasury website at: <http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx>
3. Interest received and reclaimed VAT in respect of conditional grants: Municipalities are reminded that in MFMA Circular 48, National Treasury determined that:
 - Interest received on conditional grant funds must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions; and
 - 'Reclaimed VAT' in respect of conditional grant expenditures must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions.
4. Appropriation of conditional grants that are rolled over – As soon as a municipality receives written approval from National Treasury that its unspent conditional grants have been rolled-over it may proceed to spend such funds (refer to MFMA Circular 51 for other arrangements in this regard).
5. Pledging of conditional grant transfers – the 2015 Division of Revenue Bill contained a provision that allows municipalities to pledge their conditional grants. The end date for the pledges is extended to 2017/18. The process of application as set out in MFMA Circular 51 remains unchanged.
6. Separate reporting for conditional grant roll-overs – National Treasury has put in place a separate template for municipalities to report on the spending of conditional grant roll-overs. Municipalities are reminded that conditional grant funds can only be rolled-over once, so if they remain unspent in the year in which they were rolled-over they MUST revert to the National Revenue Fund.
7. Payment schedule – National Treasury has instituted an automated payment system of transfers to municipalities in order to ensure appropriate safety checks are put in place. Only the primary banking details verified by National Treasury will be used for effecting transfers.
8. Conditional grant transfers/payments, the responsibilities of transferring and receiving authorities and the criteria for the rollover of conditional grants – It is important that the transfers made to municipalities' are transparent, and properly captured in the municipalities' budgets. MFMA Circular no: 67 in this regard refers. The criterion for the rollover of conditional grants is stipulated in MFMA Circular no: 51.

MBRR issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54, 55 with regards to the following issues:

1. Budgeting for revenue and 'revenue foregone' – The 'realistically anticipated revenues to be collected' that must be reflected on the Budgeted Statement of Financial Performance (Tables A2, A3 and A4) must exclude 'revenue foregone'. The definition

of 'revenue foregone' and how it is distinguished from 'transfers and grants' is explained in MFMA Circular 51.

2. Preparing and amending budget related policies – Information on all budget related policies and any amendments to such policies must be included in the municipality's annual budget document (refer to MFMA Circular 54).
3. 2013/14 MTREF Funding Compliance Assessment – All municipalities were required to perform the funding compliance assessment outlined in *MFMA Funding Compliance Guideline* and to include the relevant information outlined in MFMA Circular 55 in their 2015/16 budgets (refer to MFMA Circular 55).
4. Tabling a funded budget - It is critical that municipalities adopt and implement funded budgets as per Section 18 of the MFMA. Tables A7 and A8 which if completed correctly by the municipality, it will provide most of the information required to evaluate whether a municipality's operating and capital budgets are **funded** or not.



Municipal Financial Systems and Processes requirements in support of the Municipal Standard Chart of Accounts (*m*SCOA).

This is a follow-up Circular to MFMA Circular No. 57 that replaces MFMA Circular 57 (financial systems and processes) and updates municipalities and municipal entities on the review of local government financial systems and business processes subsequent to the ‘piloting’ of the *m*SCOA classification framework. It is important to read this Circular in conjunction with MFMA Circular No. 57, all the Municipal SCOA Circulars, and all documentation posted on the National Treasury website as it relates to *m*SCOA (i.e. project summary document, presentations of the *m*SCOA Integrated Consultative Forum etc.).

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1. Introduction

National Treasury issued MFMA Circular No. 57 with a specific view to stabilise the overall systems of financial management and internal control operationally functional within municipalities; this position necessitated among others:

- Pending regulation of the Municipal Regulations on a Standard Chart of Accounts (*mSCOA*);
- Varying levels of deficiency in the functionality of systems of financial management and internal control which would in all probability impede the implementation of the Regulation on the Standard Chart of Accounts by municipalities; and
- Possibility that municipalities could in the interim be investing in systems of overall financial management and internal control that do not necessarily meet the minimum system functionality in support of a multi-dimensional chart as prescribed by the Municipal Regulations on a Standard of Accounts (*mSCOA*).

The Municipal Regulations on a Standard Chart of Accounts (*mSCOA*) was gazetted by the Minister of Finance on 22 April 2014. The National Treasury then commissioned *mSCOA* Project Phase 4 (Change Management and Piloting). Primary objectives of the piloting phase included:

- a) Piloting of the *mSCOA* classification framework in selected municipalities to refine the Segments and associated detail,
- b) Reviewing and assessing the existing system functionality of service providers operating within municipalities against the broader business requirements of the *mSCOA* Regulation; and
- c) Determining minimum system and business process requirements to effectively operate the multi-dimensional structure of *mSCOA* as envisaged and prescribed by the Regulation and address certain limitations with the implementation of the entire financial management accountability cycle.

The piloting phase of *mSCOA* Project Phase 4 has proved most useful in that detail transactional findings based on the actual piloting has provided for further refinement to the classification framework; since the publication of the Regulation on 22 April 2014, the chart has been revised four times giving rise to *mSCOA* Version 5.4. The National Treasury is in the process of updating Version 5.4 with slight amendments after which *mSCOA* Version 6 will be released and locked down for the first year (2017/18) transacting and auditing. It is anticipated that *mSCOA* Version 6 will be locked down within the next two months; changes between Version 5.4 and Version 6 are anticipated as minimum.

In addition to strengthening the classification framework to meet the transactional requirements of all municipalities, the piloting exercise has also provided an invaluable understanding of the current landscape of systems of financial management and internal control currently operationally functional within municipalities. This research has provided for a clear understanding of what is required from a system of financial management and internal control as it relates to technical and business process functionality in support *m*SCOA and the overall local government financial management accountability cycle.

Chapter 3 of the Municipal Regulations on a Standard Chart of Accounts provides that the Minister of Finance may determine minimum business processes and system requirements through issuing a gazette. This MFMA Circular provides guidance as it relates to these requirements as envisaged by Chapter 3 of the Regulation. Guidance supplied in this Circular will provide the basis for determining the minimum business and system requirements to gazette at a future date as envisaged in the Regulation.

This MFMA Circular therefore provides municipalities with guidance relating to:

- Accountability as it relates to *m*SCOA implementation;
- Outcome of the research into financial management and internal control systems;
- Minimum business processes and system requirements to ensure *m*SCOA compliancy and address business process requirements across the entire local government financial management accountability cycle; and
- The issuing of a request for proposals (RFP) for the appointment of service providers for an integrated financial management and internal control system for local government.

Annexure A provides a list of all municipalities and their respective system vendors (service providers) which actively participated and contributed during the piloting phase.

2. Accountability for *m*SCOA implementation and compliance

During the piloting process, the National Treasury's *m*SCOA Project Team experienced, to varying levels, a shift of accountability for *m*SCOA implementation. In some instances, municipalities would shift operational responsibility onto their system vendor; the inverse was also observed. Expectations also include that the National Treasury and provincial treasuries would facilitate the process on behalf of municipalities and even cover the costs associated with *m*SCOA implementation.

Municipalities are reminded that the National Treasury is constitutionally mandated to set norms and standards to ensure both transparency and internal control of the financial affairs of all three spheres of government. In addition, the National Treasury must execute against its constitutional monitoring and oversight role over municipalities as it relates to adherence and compliance to the legislative framework governing local government. While the National Treasury acknowledges that municipalities would require guidance with the implementation of a strategic financial management reform of this nature, and the National Treasury will continue to provide such, ***the municipality and municipal entity remains ultimately responsible and accountable to implement mSCOA across its organisation.*** In this regard, your attention is drawn to Chapter 5 (Responsibilities of Municipal Functionaries) of the mSCOA Regulation of which section 12 and 13 reads as follows:

“Responsibilities of municipal councils and boards of directors

12. The municipal council of a municipality and the board of directors of a municipal entity must take the necessary steps to ensure that these Regulations are implemented by the adoption of any resolutions, policies and budgetary provisions necessary for the implementation of these Regulations.

Responsibilities of accounting officers

13. The accounting officer of a municipality or municipal entity must take all necessary steps to ensure that these Regulations are implemented by at least—
 - (a) delegating the necessary powers and duties to the appropriate officials;
 - (b) ensuring that the responsible officials have the necessary capacity by providing for training and ensuring that they attend training or workshops provided by the National Treasury;
 - (c) ensuring that the financial and business applications of the municipality or municipal entity have the capacity to accommodate the implementation of these Regulations and that the required modifications or upgrades are implemented; and
 - (d) submitting reports and recommendations to the municipal council or the board of directors, as the case may be, that provide for the adoption of any resolutions, policies and budgetary provisions necessary for the implementation of these Regulations.”

In terms of compliancy with the Regulation, the ordinary regulatory and oversight bodies (i.e. the Auditor General of South Africa, National Treasury, DCoG, South African Revenue Service, Department of Water Affairs, National Energy Regulator of South Africa, etc.) will

review the municipality's and municipal entity's embrace of *m*SCOA as part of their normal oversight and monitoring activities.

Notwithstanding the accountability that vests with municipalities themselves to ensure compliance with the entire local government legislative framework, including the Municipal Regulations on a Standard Chart of Accounts, many municipalities have requested assistance from the National Treasury and respective provincial treasuries in dealing with some technical aspects of *m*SCOA implementation. Challenges and concerns relating to financial management and internal control systems have undoubtedly been top of the list. **While it is acknowledged that financial management and systems of internal control is a key consideration with the implementation of the *m*SCOA, it is only one aspect. *m*SCOA implementation cannot be considered solely an ICT or finance reform; on the contrary it is a complete organisation reform and must be approached as such for it to be successfully implemented at a municipal level.**

3. Research into Systems of Financial Management and Internal Control – MFMA Circular No. 57

MFMA Circular No. 57 was released on 20 October 2011 with the primary objective of informing municipalities of the investigation into local government financial systems and processes and to outline the procedure that municipalities need to comply with when considering a replacement of their core financial systems. Importantly, MFMA Circular No. 57 was issued 31 months prior to the gazetting of the Municipal Regulations on Standard Chart of Accounts (22 April 2014) as the National Treasury understood that the *m*SCOA would have to be supported by appropriate systems of financial management and internal control. This was considered a prerequisite for *m*SCOA implementation and consequently MFMA Circular No. 57 placed limitations on the replacement of systems of financial management and internal control.

Section 5 of the MFMA enables National Treasury to investigate any system of financial management and internal control in a municipality or municipal entity and recommend appropriate improvements. Since the release of MFMA Circular No. 57, the National Treasury has continued with the commissioning of a project into the research and assessment of various financial applications and related software; this project has culminated into five years' worth of research and development. Unlike the national and provincial sphere, local government has its own peculiarities, such as operating a host of different systems of financial management and internal control. In dealing with this challenge it was considered appropriate

to review not only the system functionality as it relates to *mSCOA* compliancy, but also the business processes required to optimally manage the business of local government.

The outcome of this research, which was aligned and informed by the ‘piloting’ of the *mSCOA* classification, has resulted in a comprehensive list of business processes that should be supported by system functionality (systems of financial management and internal control). **Annexure B (System Specifications)** to this Circular includes a detailed list of these business processes and will be further explained in this MFMA Circular. **Importantly, municipalities need to evaluate the functionality of their current financial management and internal control systems against these business processes and technical specifications. If the outcome of the assessment is favourable, then municipalities would not necessarily need to replace their current financial management and internal control system. The service provider would however have to provide the municipality with guarantees to this effect.** Municipalities are also urged to make use of the guidance supplied in *Municipal SCOA Circular 2* in undertaking this assessment.

4. What Constitutes Minimum Compliance to *mSCOA* – Business Processes and System Functionality

Municipalities must ensure when examining the functionality of their current systems of financial management and internal control that it meets the minimum business processes and system requirements as stated in the objective of the *mSCOA* Regulation, namely; a system of financial management and internal control capable of providing for the uniform recording and classification of both **municipal budget and financial information at a transaction level** in the prescribed municipal standard chart of accounts, for both municipalities and municipal entities.

Systems of financial management and internal control must, as a minimum, comply with these explicit business process requirements as contained in the *mSCOA* Regulation, in that it:

- a) **Must provide** for the hosting of the *mSCOA* structure and associated detail as contained in the seven defined Segments;
- b) **Be able to** accommodate and operate the classification framework across all seven segments at a transactional level as defined in the associated detail to the Segments;

- c) **Must provide** for the data extraction functionality as per the segmented transactional string and seamless upload to the Local Government Database as hosted by the National Treasury;
- d) **May not** apply methodologies of data mapping or data extrapolation¹ to provide for the segmented transactional data string at a transactional level above as explained in point c) above;
- e) **Must provide** for full seamless integration between the core financial system representing the general ledger, and any third party system with a direct impact on the general ledger i.e. human resource and payroll third party systems, billing etc.; and
- f) **Must have** access to hardware that is sufficient to run the required software solution.

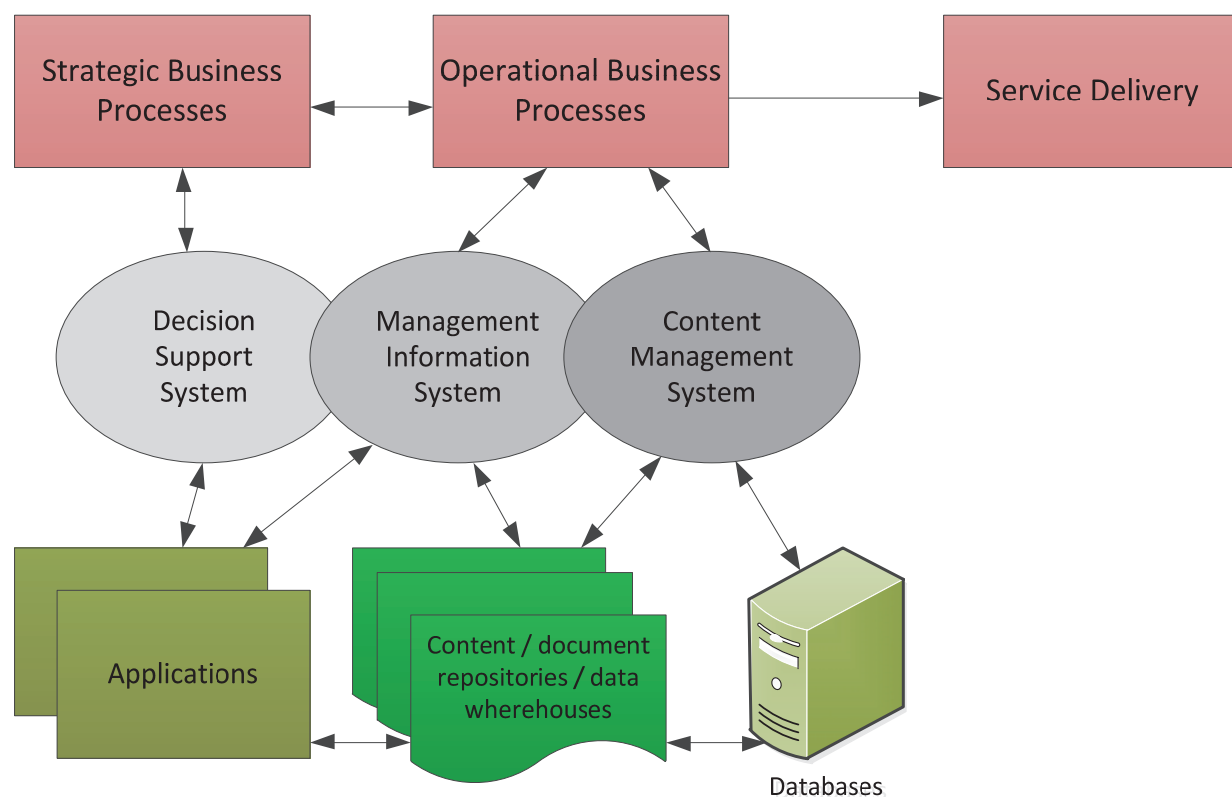
While the above might be considered to be extremely high level in providing guidance to municipalities, municipalities should remind themselves of the overall objective of the Regulation, which is to ensure the consistent classification of municipal transactional information across the entire local government accountability cycle for all 278 municipalities.

Municipalities need to understand the important linkage between business processes and systems of financial management and internal control i.e. financial applications. There are fundamental business processes which cannot be compromised. The business processes active within an organisation play a critical role in supporting management in generating information for management decision making and accountability for service delivery outcomes.

Increasingly, entities are using technology to automate, simplify and streamline particular tasks and functions. In this way, commercial or bespoke solutions are meant to assist officials within an organisation to generate information for management control and decision making purposes. As illustrated in the diagram below there is a direct correlation between management performance and information availability within any organisation.

¹ Manual intervention or interpretation of data.

The following diagram provides an illustrative perspective of the complete information management system and linkage to business processes:

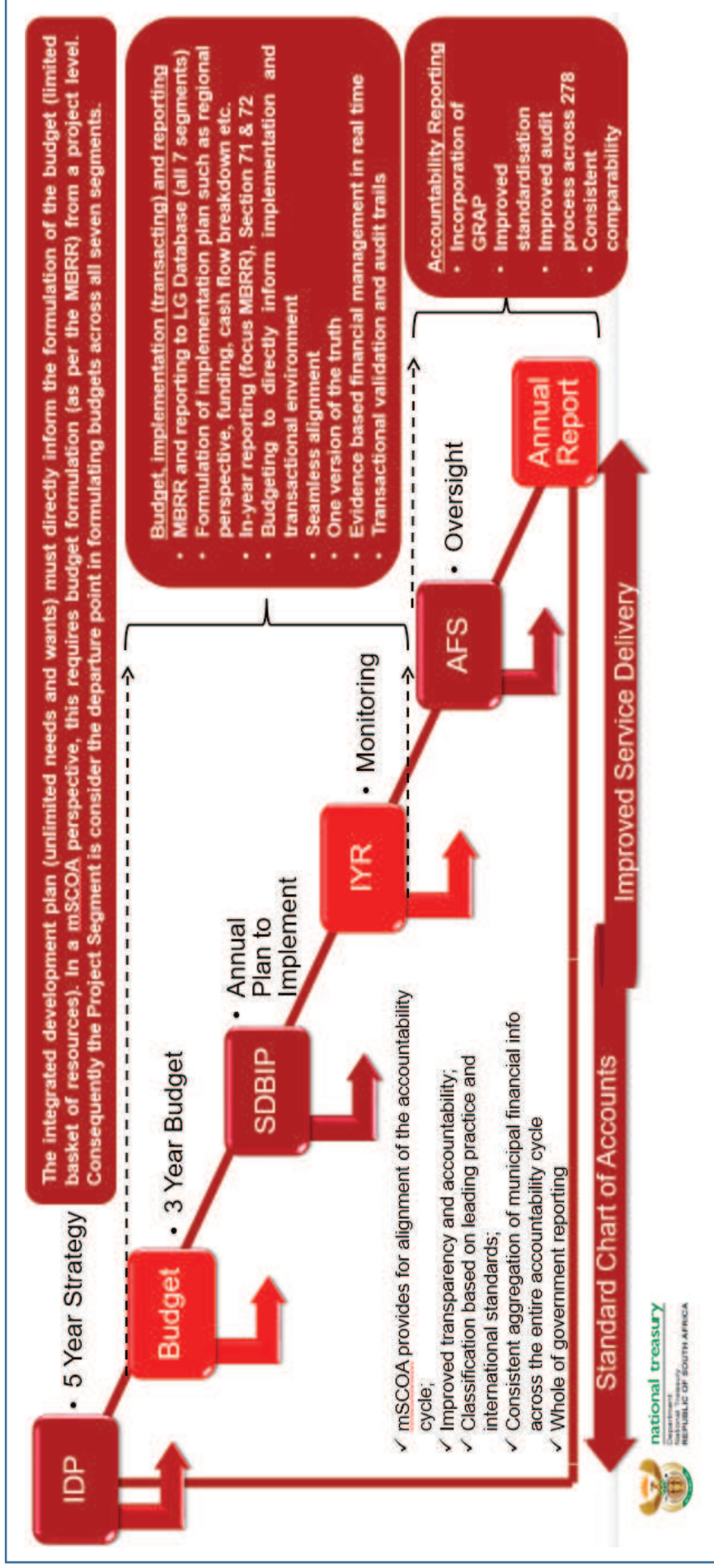


The diagram below provides an illustrative perspective of the linkage between the local government financial management accountability cycle and *m*SCOA. The diagram clearly demonstrates how business processes, system functionality and management decision making need to be considered in a seamless manner and that these cannot be considered in isolation:

Acronym used in the diagram:	Refer to the:
MBRR	Municipal Budget and Reporting Regulations, 2009
IDP	Integrated Development Plan
SDBIP	Service Delivery- and Budget Implementation Plan
IYR	MFMA section 71 and 72 in-year reporting
AFS	Annual Financial Statements



The Local Government Financial Management Accountability Cycle and linkage with mSCOA:





5. Detail Business Process Requirements and Associated System Functionality

Any system of financial management and internal control, as a minimum, must comply with the seven main business and process components. The seven components must integrate seamlessly with the *mSCOA* general ledger and comply at a posting level to the *mSCOA* Regulations and GRAP. The seven main components are defined as follows:

1. General Ledger;
2. Billing;
3. Supply chain management;
4. Assets management;
5. Inventory and stores;
6. Budgeting and planning; and
7. Human Resources and payroll.

Directly aligned to the defined components as listed above, fifteen major business processes have been defined within Local Government. These fifteen business processes are as follows:

- i. Corporate Governance;
- ii. Municipal Budgeting, Planning and Modelling;
- iii. Financial Accounting;
- iv. Costing and reporting;
- v. Project Accounting;
- vi. Treasury and Cash Management;
- vii. Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable;
- viii. Grant Management;
- ix. Full Asset Life Cycle Management including Maintenance Management;
- x. Real Estate and Resources Management;
- xi. Human Resource and Payroll Management;
- xii. Customer Care, Credit Control and Debt Collection;
- xiii. Valuation Roll Management;
- xiv. Land Use Building Control; and

xv. Revenue Cycle Billing.

Directly aligned to the research outcomes into systems of financial management and internal control, the outcome of the *m*SCOA piloting process, and legislative requirements across the entire local government accountability cycle, these fifteen high level business processes have been further defined into sub-processes as contained in **Annexure B**. These sub-processes represent the business and technical requirements to ensure not only *m*SCOA compliancy, but also address the broader requirements of a system of financial management and internal control within a South African local government context.

6. Commercial-Off-The-Shelf Tier 1 Integrated Financial Management Systems versus Local, Bespoke and Third Party Systems

Observers have commented that only Commercial-Off-The-Shelf (COTS) Tier 1 Solutions will provide for *m*SCOA compliancy; [the National Treasury position](#), informed by its five-year research in this regard, [is set-out below](#):

The *m*SCOA pilot process confirmed that traditional locally designed systems and solutions can, similar to COTS, also provide the functionality in dealing with the business and technical requirements associated with *m*SCOA; in some cases, these locally designed systems also represent what has commonly been referred to as an integrated financial management system and incorporate best-of-breed and internationally accepted standards as it relates to financial management and internal control systems. In addition, some municipalities are operating on a core financial system supported by integrated third party solutions which also achieved the objectives and definition of an integrated financial management system.

However, irrespective of the municipality's preferred option (COTS/ or locally designed/ and including integrated third party solutions) it is crucial to maximise the cost savings and associated *m*SCOA implementation benefits offered to the municipality or municipal entity when making a decision in this regard. All municipalities are therefore advised to consider and compare the various service offerings in the transversal *Local Government Integrated Financial Management and Internal Control* tender, discussed in paragraph 8 below.

In our experience, it is more cost effective for a municipality to use an ICT system(s) solution which support and system updates are Rand based. Furthermore, it *appears* that local solutions are *generally* flexible to allow manual and excel integration at municipalities that do

not have the capital and/ or skills to operate COTS Tier 1 Solutions with their associated architectural configuration requirements.

7. Legislative Framework – Procurement of Systems of Financial Management and Internal Control

The MFMA (in particular chapter 11), the Municipal Supply Chain Management (SCM) Regulations and the Municipal Regulations on a Standard Chart of Accounts (*mSCOA*) apply to any system(s) conversion. In this regard, it is important that a municipality and municipal entity note that:

SCM Regulation, Section 31 - allowed the State Information Technology Agency (SITA) to assist a municipality to procure IT related goods or services through a competitive bidding process. Owing to the technical nature of the *mSCOA* classification framework, associated business processes and system requirements, the National Treasury recommends that municipalities ensure these minimum requirements as contained in this Circular are adequately addressed should they choose to proceed with Section 31 of the SCM Regulations.

SCM Regulation Section 32 - allows for procurement of goods and services under contracts secured by other organs of state but only if:

- a) the contract has been secured by that other organ of state ***by means of a competitive bidding process applicable to that organ of state;***
- b) the municipality has ***no reason to believe*** that such ***contract was not validly procured;***
- c) There are ***demonstrable discounts or benefits for the municipality to do so;*** and
- d) That the ***other organ of state and the provider*** have ***consented to such procurement in writing.***

In addition to the explicit requirements indicated above, municipalities need to comply with the following as it relates to **SCM Regulation Section 32**, namely:

- a) The scope of the services or works or the quantities of the goods in terms of specifications **must be exactly the same as those included in the contract** awarded by the other organ of the State;

- b) The contract entered into between the municipality and the service provider/ supplier **must be exactly the same** as the one that was originally secured by the other organ of the State; and
- c) The tender price that is included in the contract of the municipality **must be exactly the same** as the price that was included in the contract secured by the other organ of the State.

A municipality considering using a contract secured by another organ of the State for the procurement of a financial management and internal control system at this point in time would in all probability not meet the criteria as listed above. This owing to the fact that the National Treasury is unaware of any procurement that has recently been successfully concluded based on the business processes and technical requirements that would give effect to *mSCOA* compliancy. On the contrary, the National Treasury has only recently concluded the piloting of the classification framework which has resulted in the release of *mSCOA* Version 5.4 in December 2015 as explained in the introduction to this Circular.

To support municipalities in this regard, a transversal contract for the supply of *an integrated financial management and internal control system for local government* was issued and is discussed below in paragraph 8. Municipalities can use this transversal contract freely in terms of SCM Regulation 32 since it already meets all the criteria as discussed above.

8. Transversal Contract for the Supply of an Integrated Financial Management and Internal Control System for Local Government

As mentioned earlier in the Circular, one of the pressing concerns consistently raised by municipalities with the implementation of the *mSCOA* has been the functionality of current financial management and internal control systems to effectively operate on the multi-dimensional classification framework as represented by the seven segments and associated detail. Concerns raised have included:

- Limited technical skills within municipalities to effectively assess and evaluate system functionality aligned to the requirements of the *mSCOA* Regulation;
- It is difficult to determine actual requirements versus nice to haves;
- While municipalities undertake a supply management process, the technical assessment of actual service offerings is difficult owing to the technical nature of system evaluations; and

- Municipalities aren't necessarily getting value for money in relation to the service offering they receive.

Considering the challenges experienced by municipalities, the National Treasury, through the Office of the Chief Procurement Officer, advertised a Request for Proposal (RFP) on 4 March 2016 for the appointment of service providers for *an integrated financial management and internal control system for local government* (RT25-2016 on page 115 of Tender Bulletin No. 2906). The process has been structured as a transversal contract and differentiation applied to the technical specifications and business process in accommodating for all categories of municipalities i.e. metropolitan municipalities, secondary cities, large towns, small towns, district municipalities with billing, and districts without billing.

Municipalities are urged to review all the tender documentation in familiarising themselves with the content and structure of the RFP. The documentation can be accessed at:

<http://www.etenders.gov.za/content/rt25-2016-appointment-service-providers-integrated-financial-management-and-internal-control>

The objective of this tender process is not only to save municipalities' time and effort with the procurement process, but also to provide clear guidance with the appointment of services providers. Once the tender process has been completed, which is envisaged for the latter part of May 2016, municipalities will be able to make use of the panel of services providers in entering into service level agreements for the supply of financial management and internal control systems.

Importantly, while the National Treasury will facilitate the transversal tender process and provide a panel of service providers for the supply of financial management and internal control systems to local government, *municipalities will remain responsible for entering into service level agreements (SLA's), management of the SLA's, providing budget and the settlement of all invoices within the legislative framework governing local government*. Municipalities are also reminded that ICT, financial management and internal control systems, and associated expenditure already forms part of existing budgets. Municipalities will have to reprioritise existing budget allocations to provide funding for the implementation of this strategic and necessary financial management reform. Municipalities are reminded that the Financial Management Grant (FMG) can also be used over the MTREF to support mSCOA implementation.

The National Treasury acknowledges that metropolitan municipalities and secondary cities, in most instances, have the necessary skills and ability to deal with not only procurement but also highly technical aspects of financial management and internal control systems. ***In this regard, and with the exception of metropolitan municipalities and secondary cities, all other municipalities are highly recommended to make use of the transversal contract and associated panel of service providers for the supply of financial management and internal control systems once finalised. Should a municipality decide not to do so, it is required of them to formally write to the National Treasury (Chief Directorate: Local Government Budget Analysis) prior to going out on a supply chain management process, supplying clear reasons and motivation in support of the decision after which National Treasury will provide a written response and clear recommendations.***

9. MFMA Circular No. 57

This Circular replaces MFMA Circular No. 57 with immediate effect and does not apply retrospectively. Any system changes from 20 September 2011 to date, without following the guidance of the National Treasury could constitute fruitless and wasteful expenditure. The municipality and municipal entity is obliged to investigate any such system procurements/ changes and follow due governance in dealing with and reporting such, including appropriate disciplinary measures and recovering the costs of such system changes/ procurement from the person(s)/ official(s) responsible.

The National Treasury will not entertain any condonation of such fruitless and wasteful expenditure in the context of the clear guidance provided by MFMA Circular No. 57.

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JH Hattingh
Chief Director: Local Government Budget Analysis
08 March 2016

Annexure A – List of all municipalities and their respective system vendors (service providers) which actively participated and contributed during the mSCOA piloting phase.

Municipalities / Metro's	ICT System
Buffalo City	Solar
Camdeboo Local Municipality	Promun
City of Cape Town Metro	SAP
City Of Johannesburg	SAP
City of Tswane	SAP
Drakenstein Local Municipality	Solar
Ekurhuleni Metro	eVenus
Elias Motsoaledi Local Municipality	Munsoft
eThekweni	JD EDWARDS
Greater Giyani Local Municipality	Sage Evolution
Hessequa Local Municipality	Venus
Knysna Local Municipality	ProMun
Mangahung	Solar
Nala Local Municipality	BIQ
Nelson Mandela Bay	Sebata
Nkangala District Municipality	Munsoft
Overstrand Local Municipality	Samras
Richmond Local Municipality	Abakus ²
Senqu Local Municipality	Sebata
Setsotho Local Municipality	Munsoft
Sol Plaatje Local Municipality	eVenus
Tlokwe Local Municipality	Phoenix
uMgungundlovu District Municipality	Sage Evolution
uMhlathuze Local Municipality	ProMIS ²
Victor Khanye Local Municipality	Sebata